THE EMPIRE CLUB

ADDRESSES 1980-1981

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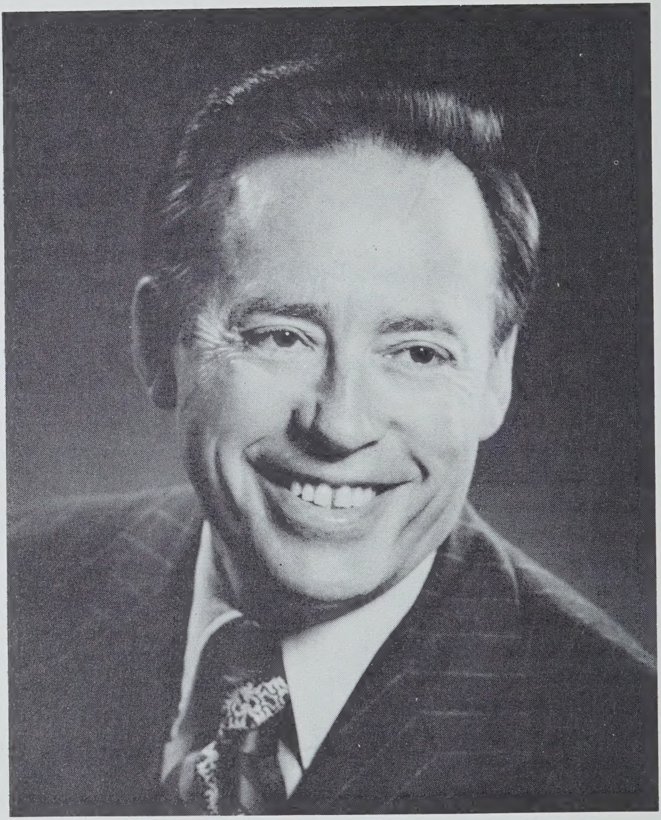
The Empire Club of Canada
1980-1981



Robert C. Ragsdale, A.R.P.S.

REGINALD STACKHOUSE
PRESIDENT, 1980-1981

ADDRESSES 1980-1981

The Empire Club of Canada

SEVENTY-EIGHTH YEAR

GOD SAVE THE QUEEN

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The Empire Club of Canada

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Preface

Each year the Empire Club of Canada's yearbook shows how much the club and the country have in common.

Both have distinguished histories, these annual volumes giving us since 1903 a living record of Canadian greatness in the twentieth century.

Both are comprehensive in their concerns, reminding us of the ancient Roman wisdom that nothing human should be alien to us.

Both respect the past, and both face realistically the need for change, each yearbook telling us of new challenges and new responses.

Both are committed to a reality larger than themselves, a worldwide Commonwealth of Nations and the Crown that symbolizes its unity.

Both are free societies, basing their freedom on the right of persons to rational and open discussion of matters that affect the common good.

Both extend their reach from one sea to the other, this yearbook being distributed to libraries in every part of this vast land.

The 1980-81 edition of the yearbook demonstrates how the club continued to manifest those qualities of its character.

The format of its programs remained largely the same as they have been throughout the club's seventy-eight years. As in previous years, those programs addressed the needs and aspirations of the present, giving the club, for example, its own version of the great debate on the constitution, nine speakers addressing themselves to that critical issue.

But the club's repertoire contains more than one song, and in this yearbook will be found informed and reasoned presentations on world affairs, economic developments, educational values, business problems.

Many of these speeches made the front pages of newspapers and the prime time newscasts on other media, but their content provides knowledge and insight that are not transient. It is a privilege therefore to present this edition to readers now and in all the years that lie ahead.

Reginald Stackhouse
President, 1980-81

Contents

PAGE 1 LOYAL SOCIETIES AND MILITIA DINNER
Guest of Honour:
The Honourable Pauline McGibbon
Lieutenant Governor of Ontario

24 THE HONOURABLE FRANK MILLER
Roadblocks to National Unity

37 THE HONOURABLE SINCLAIR STEVENS
The Constitution — What Now?

53 THE HONOURABLE JEAN CASSELMAN WADDS
Partners in Freedom

65 ARTHUR EGGLETON and JOHN SEWELL
Toronto Mayoralty Candidates

76 DAVID ROCKEFELLER
Canada and the United States:
Casual Neighbours, Critical Partners

88 ADMIRAL R.H. FALLS
NATO: The Continuing Challenge

102 GERALD K. BOUEY
Current Questions About Banking

116 BOWIE KUHN
Baseball Today and Tomorrow

133 THE HONOURABLE GARDÉ GARDOM
Canada: A British Columbia Perspective

145 F. ALAN SMITH
The Automotive Industry Meets its Biggest Challenge

PAGE 160 CHRISTMAS LUNCHEON
Guest of Honour:
The Honourable John Aird
Lieutenant Governor of Ontario

170 CLAUDE RYAN
Reflections on the Mood of Quebec Today

189 AMBASSADOR KENNETH TAYLOR
The Middle East Today

196 THE HONOURABLE MARK MacGUIGAN
New Policies for the Eighties

205 THE HONOURABLE BETTE STEPHENSON
Schooling — The Problem or the Answer?

217 PAST PRESIDENT'S DINNER
Guest of Honour:
John A. MacNaughton

224 HENRY FORD II
Canada and the U.S. — Border or Bridge?

236 THE RIGHT HONOURABLE JOE CLARK
Canadian Federalism Today

247 THE HONOURABLE JIM FLEMING
The Myth of the Power-Hungry Centralizers

263 ED MIRVISH
When is the Right Time to Retire?

275 THE HONOURABLE WILLIAM G. DAVIS
Ontario and the Constitutional Proposals

287 THE RIGHT HONOURABLE BORA LASKIN
What Everyone Should Know about the Supreme Court

PAGE 300 R. MICHAEL WARREN
The Grand Old Lady — Past, Present and Future

316 THE HONOURABLE FLORA MacDONALD
Canada-United States Relations in the Eighties

328 JAMES D. ROBINSON III
Humanizing Technology — A Business Challenge

339 CHARLES LYNCH
How Stands Our Home and Native Land?

356 WALTER E. HOADLEY
Is the United States Really Making a New Beginning?

370 REGINALD STACKHOUSE
President's Report, 1980-81
Annual General Meeting

382 CHARLES F. BAIRD
The Future is Not What it Used to Be

396 Officers and Board of Directors, 1981-82

398 Constitution

406 Membership

434 Financial Statements

438 The Empire Club Foundation

The opinions and views expressed in the
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The Empire Club of Canada.

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Club Photographer

Portrait by Cavouk, Toronto

HER MAJESTY QUEEN ELIZABETH II

Portrait by Cavouk, Toronto

THE HONOURABLE PAULINE McGIBBON

Dinner

IN HONOUR OF

The Lieutenant Governor of Ontario
The Honourable Pauline McGibbon

by the
Loyal Societies and Militia
September 5, 1980

Chairman
Major General B. J. Legge
Past President of The Empire Club of Canada
and Chairman of The Empire Club Foundation

GENERAL LEGGE:

Good evening, ladies and gentlemen. It is a great pleasure to see you here as the members of the Military and of the Loyal Societies in honour of the Lieutenant Governor of Ontario. The Reverend Reginald Stackhouse, the Principal of Wycliffe College and the 78th President of The Empire Club of Canada, will open the proceedings by reading a message from His Excellency the Governor General and by saying Grace.

DR. STACKHOUSE:

His Excellency the Governor General has written:

> I am pleased to associate myself with those who are paying tribute to you tonight.

You were a “first” in many fields: first woman President of the University of Toronto Alumni Association, first woman admitted to membership in the Canadian Club of Toronto, first woman Chancellor of the University of Toronto and last, but not least, first woman Lieutenant Governor in Canada’s history. You will be remembered, however, not as the first woman Lieutenant Governor, but as a Lieutenant Governor — one who, for six years, served her country with the grace and dignity that befit the role of Her Majesty the Queen’s representative in a Canadian province.

The people of Ontario have come to admire, respect and love you for the dedication with which you carried out your functions. You have shown them that warmth, graciousness, humour and kindliness can mesh with self-discipline, courage, selflessness and devotion to duty. You have shown them the real meaning of the word “service.” Indeed, all Canadians have benefited greatly from your example. You have been a faithful servant to your country, a fine asset to the Crown in Canada, a distinguished Lieutenant Governor. I hope you will notice that I have not used the word “woman” since the first sentence!

I thank you for your unceasing efforts on behalf of your province and your country and I wish you many more years of “firsts.”

Ed Schreyer,
Governor General of Canada

Let us pray. Almighty God, who in your providence has divided to the nations their bounty, we give you deeply felt thanks for this good land of Canada, and especially for this banner province of Ontario, for the abundance of our resources and the fidelity of our people, for the heritage we have received and seek to hand unimpaired to those who will come after us, especially for the Crown and she who has represented it among us with devotion and love, with dignity and joy, with commitment and celebration, manifesting queenly majesty with a common touch, and exemplifying what it means not to be served but to serve and to give one's life for many. May this occasion pay just tribute as justly due, may she and her husband be put in mind of the sure place they have in the hearts of the people they have served. May your spirit bless this meal and this assembly, and following the example of these two good people, may we be ever mindful of the needs of others. Amen.

GENERAL LEGGE:

Thank you, Principal Stackhouse. Ladies and gentlemen, as you were so eloquently advised by Dr. Harold Cranfield, we will now sing "O Canada."

Ladies and gentlemen, dinner will now be served.

(*During coffee.*) Your Honour, ladies and gentlemen, in the Loyal Societies we are proud that our devotion to our sovereign lady the Queen is both to the gracious person of Her Majesty as well as to the constitutional institution of the Crown in the right of Canada. Because of those two devotions, I sent your loyal greetings and received this reply from Her Majesty at Balmoral Castle:

> I sincerely thank all members of the Loyal Societies of Toronto for their kind message of loyal greetings sent on the occasion of the Gala Dinner to mark the retirement of the Honourable Pauline McGibbon, Lieutenant Governor

> of Ontario. I much appreciate this message and hope you all have a most enjoyable evening. I send my very best wishes to the Lieutenant Governor.
>
> Elizabeth R.

I now have the honour of inviting Mr. Donald McGibbon to propose the Loyal Toast, following which we will sing "God Save the Queen."

MR. McGIBBON:

Your Honour, ladies and gentlemen, the Queen of Canada.

GENERAL LEGGE:

Your Honour, My Lord Bishop, Madame Minister, My Lords the Queen's Chief Justices, gallant officers, learned friends, distinguished guests, fellow members of the Canadian Armed Forces and of the Loyal Societies: That is the last time, with Your Honour's permission, that we will use the full and fulsome formality that those attending Your Honour's dinner warrant.

There is a story of a Member of Parliament marching up to Prime Minister Churchill in the smoking room at Westminster and complaining that the police had not troubled to halt traffic when he was trying to drive out of the MP's parking lot. "They obviously didn't know who I was," he said. Churchill sagely asked, "And who were you?"

In the reserves and in the Loyal Societies, we all know who we are and where we stand in our loyalties to the great institutions of Canada. I have been asked to introduce your guests, those whom General Lewis, Honorary Treasurer of the Empire Club Foundation, calls the paying guests, at the head table. I ask each one of the eighty guests to rise momentarily as their names are called and will you please withhold your applause until all of the eighty guests have been introduced.

The choir will sing the beautiful "Arise, my Love," composed by the immortal Dr. Healey Willan, in celebration of the Healey Willan Centennial in Canada, and then a lilting Welsh melody, "The Ashgrove." The choir will conclude with the rousing "Vive la Canadienne." Ladies and gentlemen, the famous St. George's College Choir under the talented direction of Mr. Maurice White.*

Thank you, Mr. White and St. George's College Choir. Our formal appreciation will be expressed by my learned friend John Lawer, QC, a partner in the firm of Phelan, O'Brien, Shannon & Lawer, a member of our planning committee, and the distinguished President of the English-Speaking Union.

MR. LAWER:

Mr. Chairman, Your Honour, distinguished head table guests, ladies and gentlemen: What a pleasure it is to express on your behalf appreciation to all those persons who this evening have entertained us so royally with their musical talents.

**Historical Note*: This was the last public event at which the Rt. Rev. Frederick Hugh Wilkinson attended and the event was reported in the *Toronto Star* by Ron Lowman: "Major General Bruce Legge, who introduced the bishop recently at a dinner honouring retiring Lieutenant Governor Pauline McGibbon, put it succinctly and brought a standing ovation for Wilkinson when he described him as 'a great musician, a superb organist, the bravest of the brave, the only Canadian to win the Military Medal three times in the first war as a boy who was only eighteen when that war began. Above all, a patriot who was a friend and a true and good bishop.'"

And how appropriate, indeed, has been their contribution to this gala occasion, for, in the presence of, and in tribute to Her Honour they give us opportunity to voice our gratitude to our Sovereign for her patronage of the arts, and, to acknowledge the personal commitment of the Honourable Pauline McGibbon to artistic endeavours not only in this Province of Ontario, but throughout Canada.

It has been said that no occasion of any moment in our country can properly commence without the skirl of the pipes, and we are most grateful to Pipe Majors John Wakefield of the Toronto Scottish, Ross Mackay of the 48th Highlanders and Ed McClure of the 25th Toronto Service Battalion, of which Her Honour is Honorary Colonel, for insuring the successful beginning of our evening.

As the trumpets then blew before battle and to celebrate victories, so in modern times the band is an integral part of the Queen's military forces. Captain Gino Falconi is tonight following in the footsteps of illustrious predecessors as he conducts the band of the Royal Regiment of Canada.

When St. George's College, an independent school for boys, opened in 1964, a choir was quickly formed. Since then the choristers have toured Canada, visited the United States and sung in the ancient cathedrals of Britain.

The choir is affiliated with the Royal School of Church Music, which is proud to have as a patron Her Honour, the Lieutenant Governor. And I reflect that the College bears the name of that Captain of the Noble Army of Martyrs and Champion Knight of Christendom to whom King Arthur dedicated "The Order or Society of St. George and the Round Table," refounded by King Edward III as the Order of St. George and the Garter, thereby establishing George of Lydda, Patron or Chief Saint of England.

And how pleasant it was that the master of the choristers, Mr. Maurice White, chose to include among the choir's offerings tonight a selection by Dr. Healey Willan, a founder and first Warden of St. George's College, an adopted son of Toronto, the centenary of whose birth is being celebrated this year, and whose homage anthem, "O Lord our Governor," was the first example of coronation music ever contributed by the Dominions.

And now, all Canada will reap the benefits of Her Honour's abilities, for as she lays down the mantle of office of Lieutenant Governor, she assumes new responsibilities as Chairman of the National Arts Centre Corporation at Ottawa, which is charged with encouraging the performing arts in the national capital region and with supporting the efforts of the Canada Council to promote the arts throughout the country.

Your Honour, you have demonstrated an amazing ability to not only dream of, but to achieve, perfection of performance, and we are most grateful to you.

GENERAL LEGGE:

Thank you, Mr. Lawer. In these manipulative days when the great engines of persuasion, the media, are presenting Canadians as squabbling, greedy, self-interest groups, the Loyal Societies and the Military remind us of our heroes — French, English and neither — who came here in hardship and poverty from France and the British Isles as colonists, from the United States as Loyalists, and from everywhere to live in peace, to cut down trees, to break the prairie sod, to forge a nation in our wars for freedom, and to remain the only monarchy in the Americas.

Perhaps the British Prime Minister, the Rt. Hon. Margaret Thatcher, has said it best: "We are lucky in having the monarchy. With our monarchy, regardless of the performance of politicians, there is always something that is above politics, and that unites people." In 1980 no gathering of the Loyal Societies would be complete without recognition of a lady who has so uniquely contributed to the monarchy, Her Majesty Queen Elizabeth the Queen Mother, and I ask her gallant Canadian Equery to honour her. Colonel Robert Hilborn is a steadfast leader of the forces and of the Loyal Societies. At the time of the unification debates he led an intelligent opposition to heresy as the President of "Trio." He has also been both the Commanding Officer and Honorary Colonel of the Toronto Scottish Regiment and is the Vice-President of the Empire Club Foundation. He is a past president of the Duke of Edinburgh's Award in Canada, of The Empire Club of Canada, and of the Board of Trade of Metropolitan Toronto. Colonel Robert Hilborn.

COLONEL HILBORN:

Tonight, as we honour the Queen's Representative in the Province of Ontario, the Honourable Pauline McGibbon and Donald McGibbon, we are reminded of our heritage and of the vitality of tradition.

As on those other great occasions when we have been brought together by the Loyal Societies and the Military of Toronto for the recognition of achievement, the great endowments of our Canadian heritage are remembered — the Crown, a living symbol of our democratic freedom, and British military tradition. These are precious possessions that require constant support and wholehearted encouragement.

The visits to Toronto by Her Majesty Queen Elizabeth the Queen Mother in 1939, 1965, 1974 and 1979 have been moving reminders of our great heritage and they tied in, to a degree perhaps never before achieved in Canada, these two precious legacies of our British tradition — the Crown and the Military.

The warmth of the welcome Her Majesty has received during these visits to our city — and will receive on the occasion of future visits — is bound up in a very special way with the admiration we feel for what she is in herself.

More than forty years ago, when abdication threatened the respect and stability of the Crown, she brought the strength and shine of her character to the rescue. With Elizabeth as Queen Consort at his side, the King was inspired to develop his gifts of bravery, good counsel and leadership. Together they became a focus of our pride and resolution throughout the Second World War.

This royal and dedicated Lady who supported a King, a family, a people and indeed, citizens everywhere in the free world during its darkest days, who is mother to a Queen with all that that implies, continues at eighty years of age to devote her life to the public service.

Prince Charles reckons his grandmother as a priceless human being "who can turn everything to gold and whose greatest gift is to enhance life for others by her effervescent enthusiasm."

She has been at the centre of history for most of her eighty years. Through the years of glory as well as tragedy she has been there, a warm presence — part of all our lives and a focus on our loyalty, our deep respect and our warm affection. Time has failed to diminish the charm and graciousness with which she walks amongst us.

In marking the eightieth milestone in a rich and full life, please charge your glasses and toast the health of Her Majesty Queen Elizabeth the Queen Mother.

GENERAL LEGGE:

Thank you, Colonel Hilborn, for proposing the toast to Her Majesty the Queen Mother, and thank you, Pipe Majors MacKay, Wakefield and McClure, for playing Edward VIII's Royal Salute "Mallorca." The next toast will be proposed by Mrs.

Jean Throop, the Ontario President of a mighty order, the International Order of the Daughters of the Empire. According to Lord Byron, "He who loves not his country can love nothing." This very week the bravery of the Polish people demonstrates that every country from time to time has to suffer for its faith and freedom, but the Empire and the Commonwealth have given us noble traditions of the free man, the rule of the common law, and responsible government. Mrs. Throop is in that tradition of service which Her Honour herself has practised for so long in the IODE. Mrs. Throop will propose the toast to the Loyal Societies.

MRS. THROOP:

Mr. Chairman, Your Honour, distinguished head table guests, ladies and gentlemen: It is my privilege this evening to propose a toast to the Loyal Societies, who are assembled at this very special occasion.

This is a particular honour for me, as at this head table, I represent the Loyal Society of which our respected and loved guest of honour is a member of long standing. Not only is Her Honour a member of IODE, but in her typical pattern of life, she has served our organization in many offices including that of National President.

At the time our guest of honour was President of the National Chapter of Canada, IODE, I was a relatively new member of our organization. However, since then I have had the privilege of knowing and working with Her Honour and many of her IODE associates. The strong, joyous leadership of our guest of honour played a vital part in the development of IODE. To stand with Her Honour in a receiving line at an IODE occasion, as I have often had the opportunity of doing, is to share a proud tribute from IODE members to their beloved Pauline. Our guest of honour has played a significant role in the history of a Loyal Society.

The members of the Loyal Societies represented here this evening come from many backgrounds and from many walks of life. The organizations themselves have many varied programs, projects and aims . . . all of which give service to their community, province and country. These organizations are to be commended for their endeavours and may they continue to serve and to grow. Yes, they are a varied group of organizations, but they all have some very definite similarities. One is that the organizations all have a long, proud history and all have played a vital role in the development of Canada. Another, of course, is that the members of these societies are very loyal subjects of Her Majesty, Queen Elizabeth II, Queen of Canada, and will be eternally grateful to our guest of honour for being such an excellent representative of our beloved monarch in the Province of Ontario.

The Loyal Societies also strongly share the belief that the monarchial system of government is the best form of government for Canada. The realization that this present form of government, from time to time, appears to be in jeopardy, presents a challenge to each of us and to our societies. As members of a Loyal Society and as citizens of Canada, it is up to each of us to do our part to promote our beliefs and to stand up for what we believe is best for our Canada.

Ladies and gentlemen, please rise and drink a toast to the Loyal Societies and to their continuing service.

GENERAL LEGGE:

Thank you, Mrs. Throop. The response to Mrs. Throop's charming toast will be made by Mr. Andrew Kniewasser, a member of the Order of Canada and the president of the Investment Dealers Association of Canada. Andrew Kniewasser is a thinking man's activist whom I have known since 1958 when he was the special executive assistant in the Department of Trade and Commerce who cut through red tape — figuratively speaking — to allow me to go to China with four other lawyers as guests of the communist government. Since then he has had an infinity of important appointments from the Government of Canada, including General Manager of Expo in 1967. Your Honour, ladies and gentlemen, the president of the Canadian Club of Toronto and a member of the dinner committee, Mr. Andrew Kniewasser.

MR. KNIEWASSER:

Mr. Chairman, Your Honour, Madame Minister, distinguished guests, ladies and gentlemen: I have the honour to respond on behalf of the Loyal Societies. Our societies have a long, proud history of loyalty to the Crown in Upper Canada and now in Ontario. We have always tried to fulfill our responsibilities to the Crown and its representatives in this province. In 1980, on this occasion, we join together again in reaffirming this loyalty and proclaiming our affection for Her Majesty and for her representative, the Honourable Pauline McGibbon.

Comme vous savez, Votre Honneur, les societés loyales representent des citoyens de toute origine, culture, religion et langue. La grande force de la couronne britannique est toujours cette comprehension et sympathie à l'égard de tous ses sujets, malgré leurs origines. La couronne offre à ses sujets le symbole et la cause de la dignité, de la fidelité et de la justice. C'est la grande force de notre tradition commune et une source d'espoir merveilleuse pour nôtre pays. Votre Honneur, vous avez fidelement et gracieusement renforcé cette tradition de comprehension et d'encouragement qui est le coeur de la splendide tradition de la couronne britannique.

That was said from my heart. And please understand, ladies and gentlemen, how welcome and important it is for Her Majesty and the Lieutenant Governor to have those expressions of appreciation and devotion in the French language.

We are again entering a period of challenge, change and adjustment in this country. We have been through these things before. We have always emerged stronger and better equipped to meet the realities of the future. So shall it again be in this land. The Loyal Societies have been the stable, loyal, understanding and generous foundation on which these adjustments have been made in Ontario. And, as you leave office, Your Honour, please take with you the satisfaction that that spirit of loyalty and devotion to our sovereign and to our country has been strengthened and nourished by your superb efforts as Lieutenant Governor and by your love for the people in this province.

Ladies and gentlemen, the Loyal Societies appreciate your toast. We are proud of our record in Ontario. And, Your Honour, we always shall be.

GENERAL LEGGE:

Thank you, Mr. Kniewasser. In a troubled world we forget John Dryden's truth that "Self defence is nature's eldest law." The toast to the Canadian Armed Forces will be proposed by Colonel Harry Tye, CD, a former commander of the Governor General's Horse Guards, a churchman, a successful businessman, a past president of the Fort York Branch and the president of the Royal Canadian Military Institute. Colonel Harry Tye.

COLONEL TYE:

At precisely seventeen seconds past the hour of 8:15 a.m. on the morning of August 6, 1945, the bomb-bay doors of an American Air Force bomber opened and her cargo fell toward earth.

Forty-three seconds later the Japanese military communications centre of Hiroshima was obliterated and in the holocaust 79,000 people were killed.

The cloud of dust and smoke that mushroomed four miles straight into the sky heralded the arrival of the nuclear age — from that moment on, man's practice and conduct of war and planning of strategems for defence in times of peace changed convulsively and irrevocably.

The armed forces of Canada, at that dramatic point in time, were at the all-time peak of their strength.

The Royal Canadian Navy, fourth largest in the world, had deployed some 471 ships on the oceans, exclusive of harbour and supply vessels.

The Canadian Army had five divisions concentrated in northwest Europe and an occupational force in Germany. Some 78,000 trained troops were in Canada defending our homeland and preparing for the final assault on Japan.

Canada was also a giant air training centre. Airmen from the whole Commonwealth came here to learn their craft. One hundred and thirty-eight thousand air crew attained the highest standard of flying proficiency under Canadian instruction, in Canadian skies.

These first line forces were supported by thousands of trained reservists, ready for mobilization should the need arise.

Canada, with its small population, had produced an awesome, formidable striking force of citizen sailors, soldiers and airmen. Initially rank amateurs, they were quickly prepared to join battle with experienced professionals, a Canadian achievement which was an inspiration to many and an example to all nations.

However, such is not the case today!

From our beginnings until the present, the pages of the military history of the world have glistened with the thrust of Canadian bayonets, gleamed with the cut and slash of Canadian swords, sparkled with the burst of Canadian firearms, and are streaked with

Canadian blood, as the unmilitary sons and daughters of our unmilitary nation have written important chapters in the military history of the world.

From Queenston Heights to Dieppe, Batoche to Hong Kong, Passchendaele to Ortona, Vimy Ridge to Falaise, South Africa to Korea and beyond, lie cemeteries containing Canadian graves, remote corners of distant foreign fields that shall forever remain Canada. Each one is a mute testimonial to the victory of the human spirit, an elegy to the common soldier, a memorial to the definitive horror of war and, at the same time, to the curiously perverse paradoxical nobility of Canadians in battle.

The gracious lady, in whose honour we have assembled in order to display our respect and deep affection this evening, holds the appointment of Honorary Colonel of the Toronto Service Battalion. So we may rest assured that the honour and future moral strength of that unit rests on capable shoulders and in very strong hands.

In the same manner our great Canadian tradition is being maintained and enhanced by all those capable, competent people who now serve, to be inherited and perpetuated by those who are yet to serve. Proudly they have all worn, wear now or will wear on their shoulders that one badge, respected and admired in all quarters the world over, the badge bearing the one word "Canada" that will always symbolize a nation united from ocean to ocean. And let us all earnestly pray that under God's providence all who wear that badge, our Canadian Armed Forces, will constantly remain strong and free!

GENERAL LEGGE:

Thank you Colonel Tye. I now introduce a fine soldier who was awarded the Order of Military Merit, the Commander of Central Militia Area, Brigadier General Andrunyk. Stephen Andrunyk was born in Saskatchewan and is a fanatical Canadian! He is an expert on the Warsaw Pact in general and Poland in particular, having been the Canadian military attaché in Warsaw. General Andrunyk is a churchman who is active in good works, the President of the Ontario Safety League, and the First Vice-President of The Empire Club of Canada. General Andrunyk.

GENERAL ANDRUNYK:

On being invited by the Chairman to reply to the toast to Canada's Armed Forces, I sought the advice of my Chief of Staff, who as a regular force Colonel is an expert in such matters. He thought that a bit of prose written by an unknown reservist would probably suit the occasion very nicely. So let me share it with you.

> We, the willing, led by the unknowing, are doing the impossible, for the ungrateful. We, having done so much, for so long, with so little, are now qualified to do anything with nothing.

Of course, he was not serious and neither am I, so let me get back to the beginning.

First, I want to thank Colonel Tye for his inspiring tribute to the Canadian Armed Forces, and for reminding us of the tremendous contribution that the Armed Forces have made to Canada's development over the course of its history. It is well to remember that the very fact that Canada exists today as a separate and distinct political entity on the North American continent is the result of military operations of some magnitude.

Second, I also want to express to Colonel Tye the appreciation of every sailor, soldier, and airman in the regular forces and the reserves for recognizing their service to Canada today. The traditional high ideals of allegiance to the Crown, loyalty to Canada, dedication to duty whatever the circumstances, service and sacrifice are not only the foundations on which our forces are founded, but they continue to be the personal hallmark of every serving man and woman.

Finally, as I look into the future, I am confident that the military will continue to meet its challenges with the same dedication and loyalty that have made Canada's Armed Forces among the best in the world. They may from time to time lack the modern and sophisticated hardware we would like to see them have, but let us remember that ships, tanks and aircraft in themselves do not win wars. Battles and wars are won by dedicated and determined men and women who know how best to use them, and by a willing populace that provides them. I know that the people of Canada, in partnership with its forces, shall make Canada forever strong and free.

GENERAL LEGGE:

Your Honour, ladies and gentlemen: The last toast tonight will be proposed by Brigadier General R.W. Lewis, who is the Vice-President for Canada of the Inter-Allied Confederation of Reserve Officers and has just concluded the twenty-third congress of that organization in Montreal where he was host and received for his most distinguished service the Confederation's Citation of Merit. In civilian life, Reg Lewis is an accountant, the General Manager of the Parking Authority of Toronto, a Past President of The Empire Club of Canada, the President of the Good Neighbours' Club, the former Commander of Central Militia Area, a director of the Royal Canadian Military Institute, and the Treasurer of the Empire Club Foundation. General Lewis, a great militiaman and a citizen by choice of Canada, will eloquently propose the toast to the Honourable Pauline McGibbon.

GENERAL LEWIS:

Mr. Chairman, Your Honour, Mr. McGibbon, Madame Minister, My Lords Her Majesty's Learned Judges, distinguished guests, ladies and gentlemen: I do hope I have all those titles correct. I would not want to find myself in the same position as the maid who worked in the household of a Duke who lived in England. (You can tell by the form, Bishop Wilkinson, that she was obviously Anglican.) That particular Duke used to treat himself to tea in bed every Sunday morning whilst reading the *Sunday Times*. One particular Sunday morning the maid brought his tea to his room and knocked on the door.

"Come in."

"Good morning, sir."

"Good morning."

"Lovely day, sir."

"Yes, it is a nice day. You're new here, aren't you?"

"Oh yes I am, sir."

"Tell me, where do you come from?"

"Oh, I come from the village, sir."

"Well, I must say, you're a very pretty girl. Here, come and sit on my bed."

"Thank you very much, sir."

"My dear, I think I should tell you, that when you address me, you should say 'Your Grace'."

Whereupon the girl fell down upon her knees and said, "For what I am about to receive, may the Lord make me truly thankful."

To have the honour which this company bestows upon me tonight is at once an exquisite personal pleasure and yet a formidable task which weighed heavily upon me. A personal pleasure, of course, because of our feelings toward the great lady we meet to honour; a formidable task because it has indeed been difficult to find words worthy of what must be in all our hearts this evening.

I have looked in awe, as no doubt many of you have looked, at the written chronicle of honours, of awards, of degrees, of memberships, which have been heaped upon our guest of honour, and I chose to steer clear of verbally chronicling these to you out of sheer intimidation, if not out of my inability to get my tongue around all the LLDS, the DHUMS, the DLITTS, the DUS, and so on.

In any event, these biographical summaries are often more remarkable for what is left unsaid than for what is said, particularly to those of us who move only on the fringes of Learned Societies and institutions. We perceive dark mysteries, for example, in our heroine being made, in 1977, a Fellow — yes, that's right — a Fellow of the Royal College of Physicians and Surgeons.

Neither do I think we need go down that long list of "first woman to," as in "first woman to be Chancellor of the University of Toronto," "first woman to be Chancellor of the University of Guelph," because in the context of Pauline McGibbon the woman, such appointments were earned, not mere tokenism in deference to sex.

Neither do I think that we want to make this occasion assume the proportions of a maudlin or dirge-like drumming-out of office. This would not be in keeping with the verve, the vitality, indeed the humanity which the Lieutenant Governor has brought to the office she has served so well.

Did you ever see a photograph of Mrs. McGibbon at any event over her six years in office that did not show her obviously enjoying herself, always smiling, and in some cases even guffawing?

There are few here who have not at least one personal reminiscence of Pauline McGibbon stored away to be recalled on such an occasion as this. In my own case, I have several. They are mainly centred around our service together in the same militia unit of which

Pauline McGibbon is the Honorary Colonel. But I am not going to tell old soldiers' tales about our guest of honour, because old soldiers can react rather peculiarly to resignations, retirements and relinquishments of appointments, as evidence the case of the guardsman who was retiring from the Brigade of Guards after thirty-five years of service. He went in, on his last day of service, to see his Commanding Officer.

"Good morning, Jones. Well, you're leaving the Brigade today after thirty-five years."

"That's right, sir."

"Well, is there anything I can do for you, Jones."

"No, I don't think so, sir."

"You're quite sure? All ready to make the leap into the civilian world?"

"Oh yes, sir. Oh yeah, I'm all right there. Got a lovely little cushy job fixed up in civvy street. A nice little house in the suburbs, bungalow like, sir. No, I think I'm all right."

"Well, that's good, Jones. You're quite sure there's nothing I can do?"

"No, I don't think so, sir. Well, there is one thing, sir. It's my old Lee Enfield 303 rifle. You know, sir, I had that old rifle with me the day I joined the Brigade thirty-five years ago. I've had it ever since. I had it in Dunkirk with me. Took it over there, brought it back. Been in all sorts of parades with it, ceremonial parades, Trooped the Colour with it, been on Buckingham Palace guard with it. I treasure that old rifle, sir. Anyway, those old Lee Enfield 303s, they're obsolete now. Well, sir, I was wondering like if for old times' sake, I could keep me old rifle."

"Well, Jones, I perfectly understand your sentiments. By all means, you keep your rifle."

"Thank you very much, sir."

Jones marched away with his rifle over his shoulder. He went to his little house in the suburbs, and much to the consternation of his wife, he started digging up the immaculate little lawn in front of the house. And in place of the lawn he poured a concrete pad. And in the centre of the pad he put a plinth, and he mounted on the plinth at an angle this immaculate Lee Enfield 303 rifle, and when he finished, he stood back to admire his own work.

And he said: "Right. Now rust, you blighter, rust."

Or words to that effect.

When Her Honour relinquishes the office of Lieutenant Governor on September 15, she will have served as Her Majesty's representative in Ontario for six years, five months and five days. She has served the people of Ontario with dignity, with grace, with wit, charm and good humour, as those of us who are privileged to attend upon her know only so well. To the standards she has set for that office, she has also added the human touch, the ability to make us all, of whatever station, age or condition, feel at ease in her presence.

I think that besides so graciously, knowledgeably, and loyally representing our Queen in Ontario, this is where Pauline McGibbon made the greatest contribution to the life of the province in her six years of office. Not only has she brought the Crown to the people, she has also given to ordinary citizens the feeling that they are important, that they have something to contribute, indeed that they have a responsibility to contribute to the well-being of their fellow Ontarians. I do not speculate on this point; I draw my conclusions from those who have spoken to me about just that very matter.

In a very few days our guest of honour will step down from the highest office in this great province to become again a private citizen. But Pauline McGibbon can never really become a private citizen, for wherever she goes after September 15 she will still carry with her the aura of the office in which she gained the respect, the love, and the affection of the people of

Ontario, and she will continue to be recognized and honoured wherever she goes.

There will probably be many occasions such as this on Pauline McGibbon's calendar in the days ahead. Let it therefore be recorded that nowhere else would she be honoured with any greater respect, greater love, greater affection and greater admiration than by the members and friends of the Loyal Societies and the members of the Canadian Armed Forces Reserves, all of which stand for those qualities of loyalty and citizenship so graciously epitomized and enobled in the person of Colonel the Honourable Pauline McGibbon, Officer of the Order of Canada, the twenty-second Lieutenant Governor of the Province of Ontario.

Ladies and gentlemen, I invite you to rise and join with me in a toast to our beloved Lieutenant Governor.

GENERAL LEGGE:

Thank you, General Lewis. Ladies and gentlemen: your Guest of Honour, the Honourable Pauline McGibbon, the Lieutenant Governor of Ontario. May it please Your Honour to speak to us now.

HER HONOUR:

Mr. Chairman, ladies and gentlemen: My husband and I thank you, the Presidents of the Loyal Societies, the Commanders of the Reserves, and all the members here, for this magnificent and joyous dinner which you have given in our honour. More than that, I would like to thank all the Loyal Societies and the Military for the great support they have given to me as the representative of Her Majesty the Queen in Ontario during my tenure of office. To me you will always be the marvellous, loyal and unselfish people who serve the Crown and the people of Ontario in so many ways. May I also thank General Reg Lewis for his happy and amusing toast to me and General Bruce

Legge for organizing and chairing this splendid occasion. It has been a great honour to serve as the representative of the Queen in this province and I have been enriched every day by the associations which I have had with those who undertake public service through the arts, the Loyal Societies and the Military.

We both thank you very much.

GENERAL LEGGE:

Thank you, Your Honour. While Andrew Kniewasser was praising the Crown in French, I recalled that the French language has special truths and meanings, like de La Bruyère's 17th century assertion that "Women run to extremes — they are either better or worse than men." Your Honour, your friends here don't see you in comparison to men or to other governors, but we do recognize in you the extreme of goodness and your governorship will always be "nuli secundis," second to none. We celebrate your long and happy and perfect service to this province and its people as the representative of Her Majesty. I know that you forbid gifts, but may it please Your Honour to accept a donation of the profit from this dinner to the Pauline McGibbon Cultural Centre. May it further please Your Honour to accept this commemorative leather album inscribed in gold leaf to mark this gala dinner and soon to be filled with beautiful coloured photographs by Robert Lonsdale, all of which is tendered with our duty, our respect, and our love for you and for the Queen whom you serve.*

**Historical Note*: The band of the Royal Regiment of Canada played "Auld Lang Syne," which the 1,500 guests at the dinner sang as Her Honour left the Canadian Room.

OCTOBER 2, 1980

Roadblocks to National Unity

AN ADDRESS BY The Honourable Frank Miller,
TREASURER OF ONTARIO AND
MINISTER OF ECONOMICS

CHAIRMAN The President,
Reginald Stackhouse

DR. STACKHOUSE:

Ladies and gentlemen of The Empire Club of Canada: In the Prologue to his *Canterbury Tales*, Geoffrey Chaucer described a miller whose many strengths and qualities included what Chaucer called "a thumb of gold."

The premier of Ontario may not have had that mediaeval epic in mind when he turned to another Miller in 1978 to undertake the challenge of completing what his government had begun — a 180 degree turnaround in provincial fiscal policy, replacing expenditure escalation with spending restraint, halting deficit financing in favour of budget control, and all without impairing the comprehensive program of services for which Ontario was known throughout the world.

But such was the responsibility given and accepted in the Hon. Frank Miller becoming the Treasurer of Ontario and Minister of Economics. When Thomas Carlyle described economics as "a gloomy science," he could not have known how aptly he was anticipating most of the analyses of the last few years. But there have been a few rays of sunshine piercing the Ontario skies; not only because of the treasurer's warm personality, but more because of his department's steady advance towards a balanced budget.

To his portfolio, whose importance is second to none in the government, he has brought experience in legislature and administration, having been Member of the Legislative Assembly for Muskoka since 1971, and Minister of Health and Minister of Natural Resources. Equally important, he has brought the vital experience of a man who has dealt with government as it affects the local ratepayer, Mr. Miller having been a member of the Bracebridge town council from 1967 to 1970.

In each of these public offices, from town councillor to provincial treasurer, he has looked at demands and opportunities through the eyes of a man who has had to balance his own budget through many years of owning and operating his own businesses. An engineer by training, he practised his profession in industry and in teaching, and then entered business as a General Motors dealer in Bracebridge. Since 1960 he has been owner and operator of two summer lodges at Bracebridge and for the past ten years has been president of Santa's Village.

When he was both Premier of Ontario and also Treasurer of Ontario, the late Leslie Frost used to say he looked at all issues as they appeared to a person sitting in a barber's chair and looking down the main street of Lindsay. The present Treasurer of Ontario looks at issues as they appear to people who have to meet a payroll and who have to live off what they earn. The number of public leaders who share that perspective is not overly large and it is a great pleasure to welcome, to this first meeting of The Empire Club of Canada's 1980-81 season, the Hon. Frank Miller, to speak to us on "Roadblocks to National Unity: Energy Pricing and Constitutional Reform.

THE HONOURABLE FRANK MILLER:

Today could be an important day for the future of this country. This afternoon, federal Energy Minister Marc Lalonde meets with the Alberta

Energy Minister, Merv Leitch, in one more attempt to work out an energy-pricing formula.

This evening, Prime Minister Trudeau will hold a nationally televised press conference to announce his proposals for bringing home the constitution.

It is symbolic that these two events are happening on the same day: energy pricing and constitutional reform are really two sides of the same issue. The failure to resolve the first accounts, in part, for the failure of the eleven First Ministers to agree on a new constitution three weeks ago in Ottawa.

Today, I want to talk about this failure and what it means to you and me as Canadians. My speech may be personal, and risks being emotional, because to me the very survival of our country is at stake.

The irony of it all is that our country appears to be on the verge of disintegration just when its greatest economic success is being achieved. We are singularly fortunate in having the energy resources and the potential to rise above the scarcities, OPEC pricing policies, and Middle East politics that plague virtually every other country in the world.

We have survived 113 years as a collection of provinces united by our determination to support each other. We have done it by giving the federal government the money, and the power, to set national priorities and to help our poorer provinces.

Remember too, that for many years, the poorer provinces numbered nine . . . only Ontario was able to give more than it got to support the development of the rest of the nation.

I am no constitutional lawyer; I am an engineer turned politician. I suffer, as I suspect many of you do, from a less than perfect understanding of our constitution. However, when the 1976 election in Quebec produced a separatist government, I found myself a participant on Ontario's Confederation Committee, listening to detailed discussions on the merits of

The Honourable
Frank Miller,
Treasurer of Ontario
and
Minister of Economics

various alternatives to the written part of our constitution, the BNA Act.

It didn't take me too long to realize that my role on that committee would not be to offer better wording for, or new interpretations of, say, section 91 or 92 of the BNA Act. Rather, what I could best do was try to understand the effects of these changes on Canadians and, at times, translate these feelings back to the members of the committee.

After all, these constitutional talks are not an end in themselves. They are taking place in order to build a better Canada for us all.

Nor are these constitutional talks partisan debates. I am going to say some things that sound like I support the federal Liberal position.

I do not.

I support the position of a strong Canada, with a strong federal government with the ability both to resolve our internal difficulties and to strengthen Canada and its position in a world of increasing international tensions and uncertainties.

I think that too many people watching the never-ending meetings between Premiers, or Premiers and the Prime Minister, or Finance Ministers, get the impression that the whole thing is an academic discussion — a fight between governments over who gets what while everyone ignores the citizens of the country.

But you must know that it is more than that, much more. This debate will shape our future as the Fathers of Confederation shaped our past.

Our country was not a creation of history or logic. Sir John A. Macdonald said that Canada was a "triumph of politics over geography." In many senses, that is still true today. When we formed this country, we ignored the tremendous impediments to its creation.

We built railways that ran east-west across the roughest terrain in the world. North-south would have been more logical. We protected fledgling industries with tariff barriers, and this increased the price of goods to Canadians. It would have been cheaper to form an economic union with the United States. And we gave the central government the right to move money from the richer provinces to the poorer ones so that all parts of Canada could be provided with reasonable levels of social and government services.

So, Canada was not a logical union. It was a creature of people with a strong respect for British parliamentary traditions and values, people with an understanding of their personal interdependence, and people with a strong will to survive as a separate political entity on the North American continent.

What these motives produced is a country based on the concept of economic equality and sharing that is unique in the history of modern nation-building.

No other nation I can think of was created with this kind of vision, equality amongst its parts, as one of its paramount objectives. Canada even continued that tradition when British Columbia joined the union with the promise of a transcontinental railway, and when Newfoundland accepted the "benefits of Confederation" in 1949.

Ontario got a lot out of Confederation. We have never denied that. Because of our geographic location, industries developed here and they did well under Canada's protectionist umbrella.

Sure, westerners paid more for Ontario goods — but so did we. That was part of the illogic of our Confederation, part of the price we all paid to be Canadian.

At the same time, though, Ontario put a lot into Confederation. The federal government taxed the wealth produced by Ontario industries and earned by their employees. That income was used for the benefit of the less-developed provinces.

And, don't forget, in those days that included the rest of the country. Ontario also paid higher-than-world oil prices for over twenty-five years to assist the development of Canadian oil sources so that we would have our own resources if things got tough.

Now, things are tough.

Canada today has a new set of problems, problems never visualized by our nation-builders. We have mastered our geography. We have developed social services and infrastructure across the country that are the envy of the western world. And many of the provinces, that we all nurtured for so long, have developed economic potential that can contribute enormous strength to Canada as a whole.

I guess the major problem now is that we have lost sight of the principle of economic sharing that was the basis for the formation of the country. Now that the resources of the west are producing incredible revenues, several provinces want to change the rules.

"We have finally got it made," they say, "and we are going to keep it that way."

I firmly believe that the separatist referendum in Quebec was a blessing in disguise because it galvanized Canadians into taking a good, hard look at our country. The visible, and highly emotional, verbal attack made many Canadians realize that they could not take Canada for granted.

At the same time, because of the Quebec focus, many Canadians remained blissfully unaware of another and strikingly different challenge to our national survival — the growing tension between the federal government and the governments of the oil/gas producing provinces over the control and sharing of resource-based revenues.

Frankly, this is a struggle for power.

I am tired of hearing that Ontario must be poorer because other parts of Canada are richer. The truth is that we will all be much better off because we have resources in the west and new resources in the east.

Thank God we have them. What a mess we would be in without them.

People who complain about the cost of these energy resources are forgetting one very important fact. If we did not have these energy sources in Canada, we would be sending the money out of the country to Saudi Arabia, Iran, and Venezuela.

What our resources have given this country, what no other western nation has, is the luxury — plain and simple it is a luxury in today's world — of deciding how much we are going to pay and how we are going to use the profits for the benefit of the whole nation.

So, the money that you and I pay for gas and oil, at any price, can stay within the country. If we remember our Canadian heritage, if we still believe in the principle of economic equality, that money, that new revenue, can make Canada a much stronger and healthier nation, and can help all Canadians build a better life.

I firmly believe that the only way for this country to grow, to become more than a collection of balkanized, bickering mini-states, is to maintain that principle and to give the central government the ability and economic power to enforce it.

For this to happen, the federal government must be given access to, and a substantial share of, the growing resource revenues so that it can carry on its traditional role as the redistributor of national wealth.

Just as the federal government taxed Ontario's industrial wealth and transferred a portion of it to other provinces, so now it must be able to tax resource-revenue wealth and redistribute it in a manner consistent with national priorities.

That is why the constitutional talks are so important. At the moment it is the petro-dollar, not the constitutional lawyer, that is shaping the future of our country.

The present distribution of revenue from oil and gas resources gives about 45 per cent to the producing provinces and about 10 per cent to the national government. This economic imbalance is literally destroying the ability of the federal government to pursue its historic responsibilities.

If the producing provinces have their way, and maintain control of the predominant share of these resource revenues, in a very few years they will control the national economy.

Power goes with money. So, as the economic capital of the nation becomes more concentrated in the hands of a few provinces, the effect will be to transfer the power of the federal government to those provinces.

This is not consistent with my concept of what Canada is all about.

Two things must happen if we are to make any headway in our constitutional talks. First, we must be prepared to resolve issues that are not spelled out very clearly in the BNA Act as it now stands.

Second, we must see some attitudinal changes so that the resolution of these issues is consistent with Canada's long-term national interest.

Let's face it. If it wasn't for the vague areas in the act, we wouldn't be facing some of our present dilemmas. And, if we all had a similar concern with the *national interest*, many of these problems would not be so serious.

What must happen?

First, we must establish the right of the federal government to receive a "reasonable" share of all national revenues — and that includes resource revenues. That, of course, will involve us in a discussion of what is "reasonable." But we should be able to handle that if we agree on the principle of economic equality.

Second, we must reaffirm, or re-establish, an "economic union" that allows all Canadians the right to trade freely and move freely throughout every part of the country.

We are finding now that more and more of that freedom is being eroded by provincial legislation which is designed to address specific provincial problems but, as a by-product, restricts the free movement of labour and goods across provincial borders.

Those two things will begin to get us back on track, and moving again.

We seem to be in a peculiar hiatus in Canada right now. As a nation, we are almost at a standstill while other nations scramble to make the adjustments that higher energy prices have forced upon us all.

While other countries struggle to increase their energy self-sufficiency, we find Alberta stalling on the construction of new synthetic oil plants. It may be a negotiating ploy in the struggle for control over resource revenues, but if it is a ploy, it is a very destructive one.

These new oil plants, the mega-projects, are absolutely essential if Canada is to achieve energy self-sufficiency in this decade. They will also have an immediate effect on our business health, and our after-tax personal income, no matter where we live in Canada, or what we do for a living.

One such mega-project can cost up to eight billion dollars to construct. That is half of the Ontario government's annual budget — for just one project.

It can create new jobs for Ontario's steel industry, in Saskatchewan's pipe mills, and in construction trades all across the country. It can increase the demand for consumer goods, stimulate research and development activities, and even spark the creation of whole new industries. That means more jobs now.

Later, as it comes into production, it can save Canadians billions in foreign oil purchases. And it can provide the federal government with much-needed revenues to pursue its traditional equalization and economic-development roles.

While construction of these projects is stalled, we wait. We wait while the producing provinces argue for control of the revenues from them.

Let me tell you that one province, Alberta, would like to use some of these new revenues as if it were the national government. It wants to invest in out-of-province projects such as the expansion of the Prince Rupert port facilities, improvements in our railway system, or the redevelopment of the Churchill port.

These are the very kinds of projects that our federal government is supposed to be responsible for. It must be the national government, rather than individual provinces, that controls the destiny of this country.

Ontario's government is responsible for the growth and development of this province. As a provincial legislature, we have the obligation to do this and to contribute, as much as we are able, to national priorities and national strength.

Whatever their relative economic positions, all provinces are the same. All provincial governments have the obligation to contribute to Canada as a whole through the workings of national programs and policies. Provinces cannot meet this responsibility by withholding a significant portion of their wealth or by refusing to allow its redistribution to other parts of the country, where it is desperately needed.

In plain English, it is also the obligation of the federal government to ensure that this economic sharing and redistribution take place. Parliament would not long have the support of the Canadian public if it did not stand up for the national interest or if it ignored pressing regional needs.

Resolution of this struggle for economic power will move Canada a long way towards constitutional agreement on sharing of jurisdictions and other important reforms. And it will open the door to an economic future that few of us can really appreciate.

But, this will only happen if we can get together to reaffirm some of the basic beliefs that have turned this political union of ours into a united Canada. This will only happen if our narrow, parochial viewpoints give way to concern with the broader national interest.

We can keep talking about the past until we are mired in it. That is not the way to get Canada moving ahead into the future.

Let me say again that the traditional political labels, Liberal, Conservative, socialist or whatever, have no place, no place at all in our discussions on the survival of the nation.

When I speak on this issue, I do not speak first as a Conservative free-enterpriser. I speak as a citizen of

Canada who is also an elected representative of a provincial government. And when I speak, I am talking to *my national government*, not to a Liberal Prime Minister or a particular group of cabinet ministers.

Party interests and economic philosophy come second to the interests of Canada and its national survival. Without the nation, there is nothing else and nowhere to practise my beliefs and values.

Rest assured, however, once we have this national question resolved, I will not be inhibited in my pursuit of Conservative answers to Ontario's problems.

Let me repeat my view of what it will take to get this country back on the road to nationhood again, instead of acting as a collection of independent fiefdoms:

- — We must reaffirm that the central government is the only structure with the power and authority to speak for the national interest.
- — We must ensure that any new constitution reflects the principle of economic equality and sharing that was the foundation of Confederation 113 years ago; that includes removing legislated barriers to a revitalized economic union.
- — We must, as provinces, give the federal government the economic ability to control the national economy and to ensure that effective redistribution of wealth takes place. That includes the right of the federal government to a reasonable share of resource-based revenues.
- — We must believe that Canada means a lot more than the individual provinces put together; that where regional and national interests conflict, the problem resolution must lie with our national institutions.

I fear for my country right now. I fear that the success we face as a nation has made our provinces too narrow in their viewpoints; too little aware of how immediate needs can destroy the country that we are all trying to build.

But, my fear is tempered with optimism. I believe that Canadians from every part of this country love this nation enough to *demand* that their politicians act for the greater benefit of us all, and for the unity of Canada.

I hope that this optimism is justified.

The thanks of the club were expressed to Mr. Miller by John A. MacNaughton, Immediate Past President of The Empire Club of Canada.

OCTOBER 9, 1980

The Constitution— What Now?

AN ADDRESS BY The Honourable Sinclair Stevens, P.C., M.P.

CHAIRMAN The President, Reginald Stackhouse

DR. STACKHOUSE:

Ladies and gentlemen of The Empire Club of Canada: Over a hundred years ago that noted economist, Wilkins Micawber, outlined this formula for financial stabilily:

> Annual income twenty pounds, annual expenditure nineteen nineteen six, result happiness; annual income twenty pounds, expenditure twenty pounds ought and six, result misery.

As a successful businessman and a practical politician, as an opposition critic and a government minister, today's speaker has brought that wisdom to bear on the challenges that confront both government and nation. When he was President of the Treasury Board — some think for too short a time — the Honourable Sinclair Stevens became known from coast to coast as a champion for the seemingly original view that it is better to balance a nation's budget by spending less rather than taxing more.

That he should advocate this approach to public affairs came as no surprise to the many who had watched his impressive career in private and public sectors before he had the country's purse strings put in his hands.

Not spending two dollars when one would get the job done had made it possible for Sinc Stevens to work his way through the University of Western Ontario and the Osgoode Hall Law School, then to save enough to initiate a remarkable succession of enterprises in a wide diversity of interests: finance, development, insurance, construction, electronics, as well as continuing the law firm which he had formed with his talented wife, Noreen.

The same practical emphasis marked his rapid rise in politics. Elected on his first attempt to a House of Commons seat in 1972, he soon became a leading debater for the Opposition, a serious contender for the Progressive Conservative party's national leadership, and a cabinet minister in 1979. He has been re-elected a Member of Parliament three times. We can feel privileged to hear him today, on the timely subject of constitutional change.

Thomas Hardy once wrote about a woman of whom he said: "Like the British constitution, she owes her success in practice to her inconsistencies in principle."

Naturally, neither today's speaker nor I advocate too close an emulation of her example, but I am sure you will agree that enough argument about the principles of constitutional reform has been heard, and it is time to ask questions about what it may mean in practice.

In *The Rubiat of Omar Khayyam*, Fitzgerald wrote:

> I did, when young, eagerly frequent
> Doctor and saint, and heard great argument,
> About it and about,
> But evermore came out
> By the same door wherein I went.

After years of first ministers' conferences, federal-provincial confrontations, trans-Atlantic consultations, threats, warnings and promises, the Canadian public is surely looking for a practical approach to the subject of constitutional change, and The Empire Club of Canada is surely fortunate to be addressed today by such a public leader as the Honourable Sinclair Stevens.

THE HONOURABLE SINCLAIR STEVENS:

Ladies and gentlemen: Canada has not had a budget since November 1978, our inflation level is 10.7 per cent and rising, nearly 900,000 of our people are out of work, major plants are closing down, the federal deficit is now over four million dollars per day or fifteen billion dollars a year, our dollar is under pressure and we have no energy policy.

Any discussion on constitutional reform in Canada today must be in the context of these problems. I would suggest that such issues should have priority since the redrafting of our constitution won't lessen inflation, reduce unemployment, or improve productivity. That, however, is not the Prime Minister's priority and in my remarks today, I accept his priority to deal with constitutional change.

In my opinion, Mr. Trudeau is using the failure of the most recent round of constitutional talks as an excuse for unilateral action on the part of the federal government. If Mr. Trudeau takes similar unilateral action in the fields of energy and the economy, this country will not survive. We have already been torn as a federation by the Prime Minister's action on the constitution. If there is similar action on questions of revenue sharing, energy and offshore resources we will be torn asunder.

As you all know, a constitutional reform package has been presented to Parliament in the form of a government resolution. Once this resolution has been passed in the Canadian House of Commons and Senate, it will be referred to the Parliament of the United Kingdom.

There, if passed, a constitution act will be enacted by the British Parliament to be called the Canada Act.

It will include some forty new or changed rights, freedoms or limitations on our freedoms. This will be done without meaningful review in Canada by Canadians, and against the wishes of most provincial governments. Ottawa will have the only voice in Canada.

Before dealing with the specifics of the government's constitutional resolution, let's take a look at how appropriate our Parliament in Ottawa is as a forum to take unilateral action on major constitutional change. There is no doubt that a constitutional resolution must eventually obtain the approval of the Parliament of Canada, before it can go to England. But, how meaningful is Parliament's review of the matter prior to it being sent to England. In my opinion, the present Parliament by its very nature is not a consensus institution on constitutional questions.

As you know, the government is proposing that a joint committee of the House of Commons and the Senate be formed to deal with its constitutional resolution and to report back to the House by December 9. A majority, of course, on the committee will be Liberals. The House of Commons itself is dominated by a government formed from a majority Liberal caucus which, in turn, has a majority of its members from Quebec. It is a regrettable fact of Liberal life that there are only two members in their caucus west of Ontario. In fact, in terms of popular vote, not only did the Liberals not receive a majority vote in the last election nationally, but provincially, other than Quebec, they did not carry, by a majority, one single province or territory.

But at least the House of Commons is elected. Mr. Trudeau seeks added support in the Senate — the very institution that he has suggested should be abolished. In any event, as we all know, it is dominated by Liberal senators and is not elected. Those senators, however, will have a significant voice in committee in determining your constitution, in determining what will be

The Honourable Sinclair Stevens, P.C., M.P.

enshrined in the constitutional document. You will not have a similar voice or vote.

Some may say, well surely Mr. Trudeau received his mandate. But I don't remember the constitutional issue being discussed to any degree in the 1980 federal election. If Mr. Trudeau received any mandate he received a mandate not to place an extra eighteen cent excise tax on gasoline. That was his most significant promise.

Mr. Trudeau argues that strong federal action is needed in view of the Quebec referendum vote. Even if one agrees that this vote was for renewed federalism, this in no way means support for the present constitutional proposals.

In fact, both Mr. Lévesque and Mr. Ryan, the Premier and Leader of the Opposition in Quebec, have expressed disapproval of the direction being taken by the federal government. The point is that if Mr. Trudeau is going to honour his commitment to constitutional change then he ought to be offering reforms of a sort that have been sought.

Before suggesting an alternative to the government's constitutional proposals, I would like to outline some of my party's specific objections to the resolution that has been placed before Parliament.

First and foremost, I want to make it clear that we are not opposed to patriation of the constitution at this time. Mr. Trudeau talks about the desire of Canadians to be independent of Britain. Certainly, this desire is not solely the concern of the Liberal party.

But while we are not opposed to patriation, we do take the position that the constitution should be brought home with a built-in amending formula. Further, it should be a formula that is suitable to the provinces and in this respect, we favour something along the lines of the Vancouver Consensus, which was agreed to in principle by all the provinces, this year.

I hope that you will bear with me for a few moments while I elaborate on the nature of the Vancouver Consensus amending formula. By this formula, amendments to critical sections of the BNA Act would require the approval of the Federal Government plus seven of the provinces holding at least fifty per cent of the Canadian population.

Such a formula would prevent any one province from having an absolute veto. This is quite different from the amending formula favoured by the government which would give Quebec and Ontario a veto power.

It is also significant to note that the Vancouver Consensus included a clause which would allow provinces to "opt out" of any amendment which would affect their fundamental rights.

Thus, we prefer this proposal not only because it is favoured by the provinces, but also because it takes into account the essential regional dimensions of our federal system.

If the current government can come up with another proposal which could receive the same provincial support, we would have no objection.

In brief summation, we believe that the following order of events should take place. First, an amending formula which has the agreement of all the provinces should be decided on. Second, the constitution should be patriated with that formula already in place.

Third, and this point is very important, substantive changes to the constitution should be made only after the first two steps have been taken and should be made in Canada and not Great Britain.

Clearly, this is very different from what the Prime Minister is proposing. He would like to have entrenched in the constitution a charter of rights before patriation takes place, and before an amending formula has been decided on.

In effect, the Prime Minister wants to take advantage of Westminster's present ability to amend our constitution. The proposed resolution is quite a lengthy document, containing some fifty-nine clauses which will fundamentally change our constitutional framework. In effect, Westminster is being asked to make our laws for us. This is extremely ironic in view of Mr. Trudeau's continuing regret over Canada's lack of constitutional independence.

Let me read you some Trudeau statements made in Quebec City in 1976, before the Quebec Liberal Association meeting:

> . . . Basically, what we want to do is take away from England, from the United Kingdom, we want to take away from this foreign country, friendly country, the right to make laws for Canadians; it shouldn't be very difficult to agree on that.

He then goes on to say . . .

> For a hundred years now we haven't been able to agree to tell the British: please stop making laws for us. All the other Commonwealth countries have done so, all of them. In 1931, when the Statute of Westminster was adopted in England, it said exactly this. It said: "From now on the British Empire has ceased to exist in those countries . . . in the five Dominions of the Commonwealth, we will not make laws for them. . . . You are adults now, you can make your own laws yourselves." The Canadians said: "No, no, we aren't able to do it."

He goes on to say . . .

> Let's agree to patriate that constitution, let's do it without discussing the division of powers. We can always fight afterwards. We don't need the Queen as arbitrator, nor Harold Wilson as arbitrator. If we don't agree, we won't agree; if we agree, we'll agree. We won't need the Pope either, for that matter. We can do that amongst ourselves. . . .

These are the statements made by Mr. Trudeau four years ago. But what is he saying now? He is saying:

> Your Majesty, and Mrs. Thatcher, we would like to have our constitution brought home. But for me, please make certain legislative changes first because, frankly, I don't think that I will be able to get the provinces to agree to them, and I can't trust my subjects to understand what I want passed.

Notwithstanding his earlier statements in Quebec, Mr. Trudeau is now so anxious to have the Queen and Westminster intervene in our affairs that he actually had two ministers of the Crown fly to England to explain his position before he even brought the matter to Parliament in Canada.

Ladies and gentlemen, we in the Progressive Conservative party say, yes, bring back the constitution. Yes, bring it back with the amending formula which has been accepted by the provinces. And then, let Canadians decide how they wish to alter their constitution. We believe that there should be a Canadian constitution, but not a constitution made in the United Kingdom as amended by Mr. Trudeau.

You might ask, what is wrong with those legislative matters that Mr. Trudeau plans to ask the British Parliament to pass on our behalf? In my view, the answer is a great deal! In his proposed wording, Mr. Trudeau would secure the power to by-pass any provincial legislature when he wants to make further amendments to our constitution; and he would entrench a charter of rights that alters our provisions respecting such things as *Habeas Corpus*. He would even make us constitutionally an abolitionist state.

The whole question of whether or not to entrench a charter of rights is a complicated one. Mr. Trudeau has tried to create the impression that anyone opposed to entrenchment is opposed to the guarantee of fundamental and democratic rights. That is just not so. The real thrust of the debate revolves around the question of whether such rights are better protected by enshrining them in the constitution.

To elaborate on this comment, let me refer to the famous judgement by Oliver Wendell Holmes that the United States constitution's guarantee of free speech does not entitle one to shout "Fire!" in a crowded theatre without just cause. Clearly the line between individual right and the public good is a fine one.

In the United States such determinations are referred to the courts and represent a very significant burden on the legal system at great cost and not always to the ends of justice. American jurists must be continuously aware that they are interpreting the constitution.

This difficulty is not as prevalent under the British common law system of guaranteeing civil liberties. There the law assumes a high degree of individual respect for the public good and prefers to limit this "common ground" only as necessary. Positive law, of which enshrined rights form a prominent part, is as much a limitation on individual freedoms as a guarantee of them. Will we be any more free in fact, once a bill of rights is embedded in the constitution?

Premier Blakeney gave a very reasoned plea against entrenchment, and I think that his views deserve serious consideration. I don't want to go into this question in any more detail except to suggest that the entrenchment of rights offers no guarantee that such rights will be respected. We are all aware of the very liberal nature of the Soviet constitution — on paper it covers even more points than Mr. Trudeau does in his charter of rights — yet we all know how few basic freedoms are respected in that country.

The entrenchment of a bill of rights will substantially alter the nature of the Canadian constitution. It could also, as I have indicated, have serious implications for the development of future legislation. For instance, let us examine Clause 12 of the resolution. Clause 12 states that "Everyone has the right not to be subjected to any cruel and unusual treatment or punishment." There is no qualification. Not even Parliament can override this privilege as you find it in our present "bill of rights."

The American constitution has a similar clause and the result has been endless litigation in the courts on the question of whether it is legal for a state to maintain capital punishment in its statutes. If Clause 12 becomes entrenched, we may face the same dilemma. However, ours would be a more complicated issue than in the United States, as capital punishment is a national, and not provincial issue. Mr. Trudeau knows that any attempt to restore capital punishment through a vote in the House of Commons would be challenged as being contrary to the constitution — if he has his way — and there it would end. Think of it. Notwithstanding Mr. Trudeau's attitude towards Britain, he now proposes that Westminster should pass a measure which would make Canada virtually an abolitionist state for all time. Yet, the Canadian public has never been, and would never be consulted. Indeed, Mr. Trudeau is the last colonial.

There are many other such changes.

Unilateral action on entrenchment of rights is just one way in which the federal government is going against the grain of parliamentary tradition that has developed in Canada — that the federal Parliament and the provincial legislatures are each sovereign within their own jurisdictions. This premise is fundamental to the maintenance of a workable federal system in Canada.

I am sure we are all familiar with the elements that are necessary in a federal system. First and foremost, there must be a division of powers between the central government and the governments of the nation's component parts. Secondly, the constitution which sets out the different jurisdictions should be more difficult to amend than ordinary laws and, as a corollary to this point, any change to this constitution should involve the participation of both levels of government. In a legal sense, it should not be possible for one government to alter the balance of powers without the consent of those governments affected by the change.

This fact is clearly recognized by the convention of obtaining a consensus among the provinces on any major federal action which impinges on their jurisdictions. In 1951, such consent was obtained before old age pensions were transferred from the provinces to Parliament. In 1960, the same for the amendment requiring provincially appointed judges to retire at age seventy-five. Also in 1964, for an amendment transferring survivors' disability and death benefits in a contributing pension scheme from provinces to Parliament.

However, the resolution which is before Parliament at this moment proposes to circumvent the provincial legislatures in several important areas. A very striking example of this can be found in Clause 42 which pertains to procedures for amending the constitution. This clause proposes that the Canadian constitution should be amendable by a referendum of Canadian citizens. Such a referendum will be held at the discretion of the federal government, which will also establish the rules and procedures and state the question. It doesn't take much imagination to envision ways in which this vote can be manipulated. The recent vote in Quebec gave adequate indications of how the process can be treated on all sides. Moreover, the federal government would be able to make use of its immense presence and budget to launch a massive advertising campaign in order to stir up emotions and influence the ultimate outcome. Again, we have had recent examples of these practices just prior to the constitutional talks.

The important point is that the federal government is proposing an amendment procedure which will by-pass the provincial legislatures and instead, will ask the Canadian public to make a decision in the heat of the moment. Giving the federal government such a unilateral privilege in the constitution threatens the very basis upon which our federation is founded.

I have raised several concerns regarding the Liberal government's reform package. What then, does the Progressive Conservative party propose?

As I stated earlier, we would like to see patriation with an amending formula — rather than the promise of having a formula imposed on us some two years down the road. We also believe that all parties to the debate should be guided by the same rules. The federal government should not be free to unilaterally make substantive changes to the balance of power.

But we also believe that there is urgent need for a fresh approach to the constitutional dilemma.

There is an alternative to the conferences of first ministers as a forum for constitutional change. In several nations constitutional conventions have been used quite successfully in the process of drafting a constitution. The example that comes to my mind is Australia in the late nineteenth century. A convention of delegates from the parliaments of all the colonies was established in 1891 to produce a draft constitutional bill. This bill was revised a few years later by a second convention, and referred to the legislatures of the colonies for their criticisms and amendments (seventy-five in all).

In an effort to associate the people with the work being done, the final version of the bill was submitted to a popular vote. Let me emphasize that the referendum approach was only used after the legislatures of all the colonies had expressed their concurrence.

Ostensibly, the goal of constitutional reform has been to solidify Canadian unity. Yet, after protracted debate, the centrifugal forces in Canada are as strong, if not stronger than they were half a century ago.

Nevertheless, I think it would be true to say that in Canada today there is a growing undercurrent of demand for a strong federal government — particularly in the area of the economy. There undoubtedly is a lot of sympathy for the federal position on economic union.

At the same time, there is tremendous tension and distrust among governments in Canada, each of which has a vested interest to protect. Political and economic rivalry and jealousies have developed. It is not surprising that these attitudes have permeated constitutional talks, making a consensus difficult to reach.

We have all heard Mr. Trudeau express frustration that it has taken fifty-three years to find an amending formula. This simple statement belies the fact that the constitutional debate has changed greatly over that period.

The original tensions in Confederation were mainly to do with our cultural duality and the necessity of preserving the French fact in Canada. That tension, while no less severe today, is not the only factor we have to deal with now.

Resource ownership and management is also a burning issue. So are questions about the nature of our economic union and the free flow of goods and services, labour and capital. These latter grievances have gained great weight over the last two decades. The reason should be clear.

Governments at all levels have grown immensely over the past twenty years. Many of them have outstripped their fiscal resources. The federal government especially has greatly limited its capacity to control and regenerate the economy.

In this context, a number of provincial governments are by default being made responsible for the task of improving the economies of their regions. Therefore, should Ottawa be surprised that certain premiers are vigorously resisting its efforts at encroachment into provincial territory?

What is needed is a more objective forum to consider these complex issues and develop a set of constitutional proposals designed to build on the common interests that unite Canadians. It is for this reason that we suggest the establishment of a constitutional convention. Though the members of this convention would be appointed from federal and provincial legislatures, their mandate should be to represent Canadian interests.

Their selection should be based on knowledge of the issues involved. They should be given the responsibility of putting together a set of recommendations for reform which balance provincial, regional and national concerns.

The convention itself should be large enough to reflect diversity and ensure fair representation of important viewpoints. It must be small enough not to become formless or unwieldy through the complete loss of party power or personal leadership. Decisions could be by simple majority vote, or by a higher proportion. The final results could be put to a popular vote.

We believe that this proposal for a constitutional convention would help meet a basic requirement expressed quite some time ago to the Empire Club by the late John Diefenbaker. In my opinion, his comments captured the essence of the problem in a nutshell.

> Canada will never achieve its destiny if the determination of its constitutional policies is made as a result of political vacillation masquerading as statemanship.

Clearly, the process of debate on the constitution has failed. In conclusion this afternoon, I would like to highlight the extent of this failure, by quoting twice from Mr. Peter Lougheed, now premier of Alberta.

In an address to this club in 1966, Mr. Lougheed made the following comment:

> We need in Canada a halt to the growing regionalism in this country — a return to a strong central government. . . . We need an awareness by the provinces of their responsibilities to support the central government — an attitude which has been effectively stated by the Prime Minister of Ontario . . . . Our peculiar combination of a parliamentary system within a federal state requires statesmenship by the premiers in resisting provincial political gains to the detriment of national strength.

Mr. Lougheed's attitudes have changed dramatically since he made that statement. In August of this year, Mr. Lougheed's tone was definitely more belligerent:

> I am not overstating the case to say that if the federal government's budget next fall brings in the natural gas export tax it will be considered like a declaration of war by Ottawa against western Canada and will be so resisted.

What has gone wrong that a provincial leader, who was so sympathetic to the central government's needs fourteen years ago, should now — supported by many of his fellow premiers — speak of war?

Surely the present government in Ottawa must accept some of the responsibility for the widening gulf. If they persist in ramrodding their constitutional position, and act unilaterally on energy and related economic matters, the gulf will widen further.

And it is all so needless.

The thanks of the club were expressed to Mr. Stevens by Mr. Henry Jackman, a Past President of The Empire Club of Canada.

OCTOBER 16, 1980

Partners in Freedom

AN ADDRESS BY The Honourable
Jean Casselman Wadds,
CANADIAN HIGH COMMISSIONER
TO THE UNITED KINGDOM

CHAIRMAN The President,
Reginald Stackhouse

DR. STACKHOUSE:

Ladies and gentlemen: When The Empire Club of Canada was formed in 1903, one of its primary objectives was strengthening Canada's ties with Great Britain, the club's founders fearing — even in their time — the threat of those ties being broken.

It is therefore singularly fitting that the club should be addressed today by the Canadian High Commissioner to the United Kingdom because one of the primary objectives of that office — according to the Honourable Howard Ferguson, High Commissioner in 1931 — is to "annihilate the distance of 3,000 miles between Canada and Britain."

We are thus privileged to have with us the Honourable Jean Casselman Wadds, appointed to this senior and strategic diplomatic mission after many years of public service for Canada and for Ontario. She served for ten years in the House of Commons, as well as having been Parliamentary Secretary to the Minister of Health and a Delegate to the United Nations. From 1975 to 1979 she was a member of the Ontario Municipal Board.

When the High Commission was opened in 1882, its esteem in men's eyes was uncertain. Even though the first High Commissioner was a Father of Confederation, the Honourable Alexander Tilloch Galt, the Commission's place was more in the diplomatic shade than in the sun. Many, especially in the imperial government, were not quite sure how to assess this new and strange creation, the overseas representative of a colony. Many regarded him as little more than agent for Canadian trade, and even half a century later the High Commissioner himself could describe his role as "a glorified salesman."

Since that time, however, the High Commission has clearly established itself as a key link in the world-wide network of diplomacy that Canada has forged around the world, and an essential one for relating Canada to Britain and the Commonwealth.

Our speaker's subject today is "Partners In Freedom," and the importance of that message has been underscored in these words of a distinguished Canadian who served as High Commissioner, the Right Honourable Vincent Massey:

> Our links with Great Britain are imponderable. They belong to the realm of things of the spirit — those subtle habits of mind we have in common and which elude definition. It is commonly said that such bonds are stronger than material ties — so they are, but even they can be weakened. Only through constant contact can we keep alive a sense of our kinship.

We are therefore privileged today to hear the Canadian High Commissioner to the United Kingdom, the Honourable Jean Casselman Wadds.

HER EXCELLENCY MRS. JEAN WADDS:

Ladies and gentlemen: The hills of home look good. Ever since your kind invitation arrived I have been looking forward to returning to this very familiar room and to seeing so many familiar faces. This room and most of you have been, and are, a part of Canada's growth and all that is a part of me and very dear to me.

Your presence here today I find pleasing and heartwarming, but I know that to a large extent it represents your interest in and enthusiasm for the Canadian-British connection. Likewise, the warm receptions I have been given by large numbers in Great Britain signify the interest and enthusiasm for the Canadian-British connection on that side of the Atlantic.

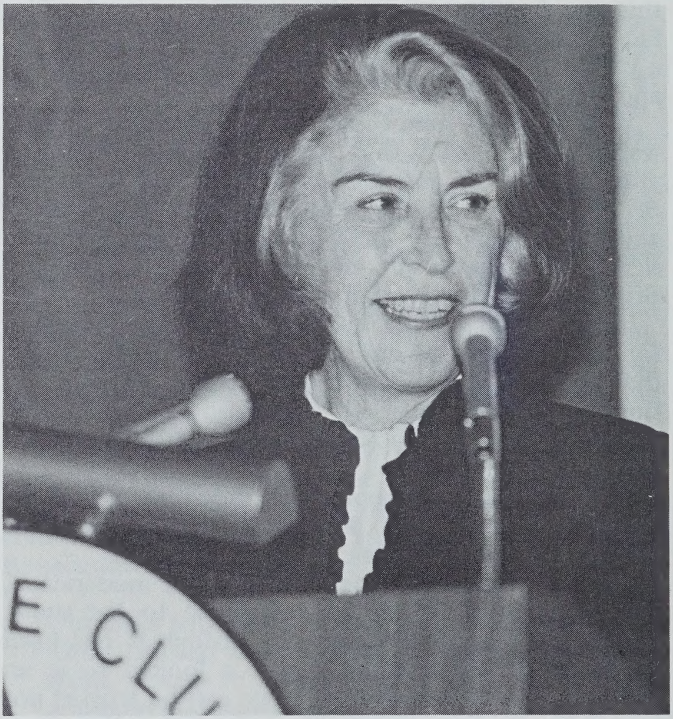
It says much for the stability of our two countries, for the maturity of our leaders and our institutions, that through ups and downs, wars and peace, boom times and depressions, our relationship has exhibited unique qualities of loyalty and understanding and tolerance on both sides.

The world is sad proof, both individually and nationally, of how easy it is to break up, or to be broken, by outside forces.

Canada's reputation for reliability, for moderation, has been enhanced by her allegiance to her roots. Within our Commonwealth of Nations it has been made plain to me that Canada is looked to as an example. We have proven that we can be trusted not to panic, to use democratic processes rather than violence, and to work with others to strengthen the principles we believe in.

In the few decades past, we Canadians have been seen by others in the international community as being, perhaps, modest in character. Rightly so, I think — because we had a lot of growing to do in this immense space we have, with so few people to accomplish the task. We quite rightly addressed ourselves to our tasks at home before setting the world right.

But I wonder if we haven't matured a bit since then — at least it seems to me that we have developed a consciousness of a growing maturity. It's one thing for



The Honourable Jean Casselman Wadds
Canadian High Commissioner
to the United Kingdom

travelling Canadians to be pleased at being recognized as Canadians and distinct from our American friends (not only because we wear the Maple Leaf proudly in our lapels as I do). But it's another matter to accept some of the responsibilities that go along with growing as a nation.

In the process of our development as a mature, responsible country, we Canadians have had to overcome formidable climatic and geographical difficulties so that we can live comfortably in good housing, communicate with each other over long distances and enjoy the high standard of living we now take so much for granted. The skills we evolved in this process we now export throughout the world and we are seen as forerunners in those technologies which we had to develop to deal with our own conditions.

Yet despite this, I frequently observe a certain timidity on the part of many Canadians to enter another marketplace which they consider perhaps too competitive and dominated by the international "Big Boys."

Those who look from abroad at our abundance and good fortune oft-times shake their heads with bewilderment at what Canadians regard as gigantic problems. Often I have heard overseas friends say they would gladly trade their problems for ours. But I do see many signs that our vitality and creativity are utilizing our human and natural gifts in a wide spectrum of impressive ways. And I am enormously proud of the extent to which we have been doing just that.

To see the triumph of the Canadians at this year's Edinburgh Festival, for example, would dispel most any degree of inferiority complex:

- The magnificent acting of Eric Peterson in *Billy Bishop Goes to War* and the calibre of the play itself written by Canadian John Gray.
- The popularity of the Canadian Brass, not only their music but those five superb ambassadors for Canada.
- The spine-tingling pleasure that so many felt when listening to our famous Mendelssohn Choir.
- The pandemonium of applause that broke out at the end of Oscar Peterson's two-hour non-stop program at 1:00 a.m., and the generosity which kept that hard-working musician standing until

3:00 a.m. at a large reception for Peterson admirers hosted by the equally hard-working Agent General for Ontario.

— The much-admired exhibition of Jack Bush paintings and the added attraction of his charming wife and son and daughter-in-law in Edinburgh for the Festival.

— The appealing show of West Coast Indian Art, *Legacy*, drew huge crowds, not only for the beautiful pieces on display but also to watch Richard Hunt, of the famous Hunt carving family, actually working on a full-size totem pole which the city of Vancouver is giving to its twin city of Edinburgh.

— The fringe shows where young Canadian talent was making its impressive beginning. I hesitate to single out from those dedicated young people, because there were many I did not see, but I cannot refrain from mentioning the young actors from the drama department of Windsor University who were, in my opinion, as good or better than many I've seen in the great and famous theatres of the world.

It is encouraging that so many of our young people are prepared to go through long gruelling years of study and practice instead of trusting their natural good looks and youthful appeal to bring them success. In this respect our modesty serves us well, and will continue to serve us well, as long as it is used as these young people are using it, and not used as an excuse to cop out of activity and competition.

The Edinburgh Festival of 1980 was memorable for me, and not least of all because all kinds of people would stop me on the street and come up to me at receptions and tell me what a fine ambassador each young Canadian was.

We found ourselves being waved to with a friendly "Hi Canada." It brought out my old political blood and it felt like the end of a good campaign with prospects for a big turnout and a record win.

I am confident those are the prospects for the Canadian arts. In fact, the Chairman of the Edinburgh Festival, in his remarks at our formal reception, said just that. "Now Canadians, you see what a success you are. Don't any longer hide your light under a bushel. Get out and let the world see how good you are."

This has been the plea to me from several experienced Canadians regarding Canadian exporters of more tangible goods than the arts. "Do try to convince Canadians, Jean, that there is room for more of them in the international marketplace." And indeed there is room, particularly for many of the special technologies we have developed to meet our special needs. Some of our developments in aerospace, telecommunications and electronics have cracked the toughest markets in the world, with notable successes in the area in which I currently serve.

We saw a perfect example at this year's Air Show at Farnborough, where the Challenger and Dash 7 were big excitement, and where Canadians were self-confidently in the forefront of aerospace and communications technology.

Since 1962, when Canada became the third country to place a satellite in orbit, Canadians have taken to the space age with gusto. In 1976, Hermes, Canada's eighth satellite and the world's most powerful communications satellite, became a forerunner of a generation of direct broadcast satellites which will be used to beam signals directly to home receivers. The Shuttle Remote Manipulator System development program has been conducted by Canadian engineers and technologists without technology transfers from other countries. The result of this is that a world-class capability now exists in Canada for remote manipulatory systems. To be world respected in the mind-boggling complexities and possibilities of the communications and space age is a most admirable achievement. We do not need to boast of it but every Canadian should be aware of it.

Canadians should also be aware that Canada stands close to the top of the list when it comes to providing good services. For example, Egon Ronay, who publishes an internationally recognized guide to restaurants, hotels and airline services, rated Air Canada as one of the two top carriers flying the North Atlantic. Since the other top-rated airline uses Air Canada as its agent in London, our team can consider itself to have won prizes all around!

I don't wish to give the impression that winning prizes is everything. How we play the game, as every sportsman knows, is just as important. All of us can be immensely proud of the contribution our teams are making to international sport. The Toronto Maple Leafs and the Montreal Expos are but two cases in point.

What I have been trying to say, and I am sure all of you will agree, is that self-confidence has a great deal to do with how well or how easily a task can be performed.

I hope I have suggested to you here today how very much we have to be self-confident about. The world as I have heard it this last year welcomes us on the international scene, in the arts, in science, in business and in education.

The same, I dare to say, is true of the international diplomatic scene. Unlike most western countries, we have no colonial past for which to reproach ourselves, no ambitions toward conquest. We could make the bomb, but we don't. We have old democratic traditions and a respect for human rights as a base for our modern society. And we have learned to blend a diversity of ethnic heritages into one vibrant nation.

Jacques Hébert, that well-known Montrealer who, as the founder of Canada World Youth has a great deal of experience with young people all over the world, put it very well a few weeks ago when he addressed the Parliamentary Committee which is looking into North/South questions:

> Canada is beyond doubt one of the most respected countries in the world at the present time. People who have travelled know how much we are liked. . . . The poor countries love us! The rich countries love us! But why do we hesitate one moment to use these good feelings people have about us and to put ourselves resolutely in the service of the whole human community, and perhaps in doing so justifying our reputation? Being a country without a long history constitutes a powerful advantage and gives us the right, and certainly the duty, to involve ourselves to the hilt in contemporary history, playing a major role in it and emerging once and for all from our modesty.

What Jacques Hébert is saying is what I was taught to believe — that just as in private life, those who have the good fortune to be born with good health, good looks, good brains and a good standard of living have a responsibility to use their assets, so Canada in international life has an obligation to use her physical and human resources in the services of the larger community. In fact, whether we like it or not, with or without confidence, we are going to be asked to take more and more responsibility.

We have a great inheritance from our mother countries and I know that the country where I have spent these last several months, Great Britain, welcomes Canada as a strong partner.

We need all the strength and maturity we can jointly muster. The dangers to the freedom of the Western world are obvious. Britain, who in our lifetime has given so much for a free way of life, which we also enjoy, wants and needs strong partners in that continuing fight.

It is great good fortune for us all that British society has continued to produce strong leaders. We can see there the results of many years of democracy in action, of respect for representative government. Many work hard and long at all kinds of government jobs, and they feel the responsibility and the privilege of British citizenship.

The principles are worth working for. It seems to me that the British people have a capacity to almost accept automatically what we would call sacrifices in striving for their purposes. Many admire the determination, the integrity, dedication and courage that British leaders are bringing to bear on the many serious economic problems facing their country. Those qualities help give the "Brits," as we affectionately say in London, a confidence essential to face the severe pain of high inflation and high unemployment, a reminder of the qualities they admire, a reminder of their history; a history during which Great Britain has often shown the world an ability to remain confident and overcome fear, whatever has to be faced.

They are currently facing a struggle on many fronts: social, economic and political. I would like to suggest that this is not just a British struggle, but one in which they deserve our support as friends, and as part of a free social/political system, a system which we cannot afford to take for granted in the West.

We have a rich inheritance in example and in friendship from the country in which I have the honour to represent Canada. It is not only an honour but the greatest possible good fortune that any job can have such resources from the past to draw upon, and such a spectacular future to look forward to.

As the Eleventh Special Session of the United Nations started, I read with satisfaction of the admission of Zimbabwe, in whose creation as a country Canada and Britain both played such an effective part.

I also followed the attempts of the United Nations to adopt an International Development Strategy and to provide a framework for global negotiations on international economic problems. And although disappointed that the Eleventh Special Session did not wholly succeed in the task it had set itself, we can all take a special pride in the useful and constructive role Canada played in those discussions and remain hopeful that continued efforts of a similar kind, by ourselves and by others, will lead to a satisfactory result for both the developed and developing world.

Within the Commonwealth, which evolved from the old British Empire, there is a deep mine of friendships, experience, common education, and in many, many places trust, to be used for peace and freedom.

The value of free and democratic processes is one of the principles which the Commonwealth countries hold in common and work to support.

Canada played a fundamental role in the emergence of the Commonwealth. We now have in the Commonwealth a unique organization of forty-three countries spanning the globe, and one-quarter of the world's population, diverse in race, religion, culture and language — a great countervailing force to the tensions fragmenting mankind.

Half of the world has had no tradition of democracy. Of the remaining half, fifty per cent are part of the Commonwealth, not only a Commonwealth of Nations but a commonwealth of freedom. In these uncertain and threatening times, that is a great strength and a great comfort.

Our challenge is not to depend on fancy phrases but to continue to show, by our example and by our friendship, our commitment to free and peaceful solutions. The wars and violence in many parts of the world remind us how much we have to lose.

Canada has an important role to play in the Commonwealth. She has developed from daughter in the mother's house to mistress in her own. In doing so — and I have had frequent occasion to learn this from my fellow High Commissioners in London — she has become not only the oldest sister, but frequently the *leading* member, *the* major contributor to Commonwealth voluntary programs, *the* Commonwealth country from which the others expect a reasoned and constructive lead.

My predecessors have all played their parts in bringing this about. My immediate predecessor was an energetic and successful promoter of all that would strengthen the Commonwealth. He won well-deserved respect and admiration for his tireless communication with his colleagues. They speak to me often of his generosity in sharing his wealth of experience, and vast knowledge of international affairs. I would like to salute the Honourable Paul Martin for the effective encouragement he gave to other members of the Commonwealth and thank him publicly for the shining Canadian image in London which he passed on to me and for his many kindnesses to me.

Canada has untapped capacity to contribute to the brightest hopes for the future. To face the future with less than confidence would betray our heritage.

The thanks of the club were expressed to Mrs. Wadds by Colonel Robert Hilborn, a Past President of The Empire Club of Canada.

OCTOBER 23, 1980

Toronto Mayoralty Candidates

ADDRESSES BY Alderman Arthur Eggleton
Mayor John Sewell

CHAIRMAN The President,
Reginald Stackhouse

DR. STACKHOUSE:

Ladies and gentlemen: Speaking of another city and other challenges to it, the Greek historian, Thucydides, wrote:

> Fix your eyes on the greatness of Athens as you have it before you day by day, fall in love with her, and when you feel her greatness, remember that this greatness was won by men with courage, with knowledge of their duty, and with a sense of honour in their actions.

If we change the name from "Athens" to "Toronto," we can find there a message to all who call this city home, and especially to those who aspire to govern and lead it.

It is therefore fitting that the club, being the public forum it is, should devote this meeting to municipal government, and we are privileged to be addressed today by the Mayor of Toronto and the President of the City Council, both of them candidates for mayor in the November civic election.

As in the past, each speaker will be introduced separately, in the order arranged by mutual agreement before the meeting started. Following the second speaker, the thanks of the club will be expressed to both men at the same time.

First, Executive Alderman Arthur Eggleton. If one measures the distance, not in miles but in challenge, Cabbagetown can be a long way from City Hall. But Executive Alderman Arthur Eggleton, born in that historic Toronto neighbourhood, travelled that far at an early age when he was first elected to City Council at twenty-six.

An accountant by profession, he has served as alderman for Ward Four since 1969, and for several years has been on the City Council's Executive Committee. Since 1978 he has been President of the Council and Vice-chairman of the Executive. His accounting background has qualified him also as the city's budget chief. For several years, he has also been a member of Metro Council, third vice-president of the CNE, and on the board of the Catholic Children's Aid Society. He is now making his first bid for the mayor's chair.

On behalf of the Empire Club, it is my pleasure to introduce Arthur Eggleton.

MR. EGGLETON:

Thank you very much, Mr. Chairman. I am delighted to be a guest of the Empire Club today and to have this opportunity to speak with you about the mayoralty campaign.

I have found that in this election effort, in fact, I have had to mount not one but four different campaigns to become the mayor of Toronto.

First of all, there is the "who is this man Eggleton and what does he want" campaign. That's where I tell people my name and say that I want to be mayor of Toronto, and tell them about the eleven years that I have spent on City Council — eight years on the City Executive Committee, four years as President of Council, eight years as budget chief. And I might say that I am very proud of my role as city budget chief. I have been able in those eight years to keep taxes down below the rate of inflation, which is not an easy task when you are trying, at the same time, to maintain the very high level of municipal services that we have come to enjoy in Toronto.

In my eleven years on Council, I have been involved in almost every aspect of municipal government save one — the job that I am now after. Even with all those years of experience, I still get a lot of people who think I'm either related to Al Eagleson or Eglinton Avenue, or something like that. But I tell them I don't really care how they pronounce my name, or how they spell it, as long as they know what I stand for and where to find my name on the ballot.

That leads me to the second campaign, the campaign of differences. That is a new one for a lot of Torontonians, because we have not had a campaign since 1969 where we have had an incumbent, who obviously wants to maintain the office, and a challenger (myself) who feels that he can provide better leadership and bring better judgment to the mayor's office. That's why I am running.

That set of circumstances puts on me a responsibility, an onus, to talk about the differences between the two of us. There are some very clear differences. People want to know why they should vote for me rather than the incumbent.

Let me give you a few examples. When it comes to the issue of housing, we differ strongly. Mr. Sewell believes that the thrust should be in the public sector, that our City of Toronto non-profit housing scheme should go ahead, run by politicians and in spite of many administrative difficulties. But I believe that we have to clean up our act at City Home. I believe that we need public housing, but I also feel that we need to get the private sector back and involved in the provision of housing. I say that because we have the worst shortage of rental accommodation in this city in two decades. The vacancy rate has all but vanished. It is not sufficient to have just the public sector constructing housing. We need more. We need to get the private sector involved.

I think that the mayor of Toronto, acting as a mayor should, as this city's best advocate, should prepare a case and take it to the federal government and the provincial government and work together to get more housing starts and more rental accommodation in our city. And that is going to involve such things as income tax incentives at the federal government level.

We differ strongly on economic and industrial development. I have been pushing for an economic development strategy at City Council. One was adopted earlier this year. I have also promoted job-stimulating projects like the convention centre. My opponent is a recent convert to the convention centre, and was the lone vote on City Council earlier this year to vote against an economic development strategy for this city.

We differ in our approach to policing in this city. Mr. Sewell's preferred style is confrontation. I feel there can be a role in our society for confrontation when you are an outsider who is trying to get the ear of an insensitive government body. But when you *are* the government, I think your role should be that of a mediator, to bring the parties together to resolve the problems.

I believe that there can be improvements in policing in our city, and we have been talking about them for several years. But I believe very strongly that they can be accomplished by bringing together the Police Commission, the police force and the people in the community. That is the way that I want to operate, in support of our Metropolitan Toronto Police, which I think is a fine force, a force that we should be supporting to fight rising crime.

We differ in one more area, in how we see the role of the mayor. My opponent is endorsing a slate of candidates in this election, many of whom are running under the NDP banner. The people of Toronto have rejected municipal party politics. I am not making alliances with any particular candidates or any particular group or party. The mayor of the City of Toronto is elected directly by more people than the Prime Minister of Canada or the Premier of Ontario, and I do not think it is a proper role for him to go into a City Council with a pre-set cabinet of aldermen operating in lock step with him. I think a mayor has to make different alliances on different issues as he goes through his term of office, to make sure that all of the people in Toronto are being represented and not just one slice of the spectrum.

Those are some differences, and I ask you to examine those differences in the course of the campaign. And I would ask you to do one other thing, because politicians (myself included) can sound very glib and very reasonable on a platform. Therefore it is important to look at the record, to look at past performance. As David Crombie used to say, it is not sufficient to just talk the talk, you have to walk the walk.

That brings me to the third campaign, the campaign of issues. I have already touched on some of them — housing, economic and industrial development, police. We also need to preserve our neighbourhoods, preserve our ravines, our historic buildings, our many cultures and traditions. I am proud of what we have done in the last ten years in that respect. We must continue that throughout the 1980s.

We also have to do more in the way of housing, recreation and health for senior citizens, because by the year 2000 we will have twice as many senior citizens in Toronto as we had five years ago. We have to plan ahead to provide for them.

We need more day care. We have an objective next year in Metro Council to provide an additional five hundred places. That is an absolute minimum. That is one goal that I very much want to achieve because day care is very much a necessity in this city where, in many cases, both parents in a family have to work just to get the necessities of life, or where, as in many other cases, there is only a single parent.

The fourth campaign is the campaign of commitment. This is the one that I enjoy the most, because it reminds me of why I am running for mayor of Toronto, of what is behind all this effort. I was born and raised in Toronto and I have a great deal of pride in this city. I want to keep this city the safest, cleanest, most livable city in North America. That is the reputation we have had for a number of years. But, you know, other cities have had that reputation and have lost it. I want to make sure we keep this city the way it is. That is my vision of Toronto — a city that we can all be proud to call home. I want to bring forward the kinds of policies that are necessary to meet the challenges that we are going to face in the 1980s to keep Toronto a safe, clean livable city.

To do that, Toronto needs a mayor who is capable of bringing people together in a spirit of co-operation — not driving them apart with confrontation. Toronto needs a mayor who cares very deeply about the traditions of this city, a mayor who listens to all of the people and responds to their needs. We need a mayor who exercises common sense.

I want to be that kind of mayor, and I hope I can have your support. Thank you.

DR. STACKHOUSE:

John Sewell was born in the Beaches area of Toronto, he attended city public and high schools, and then studied at the University of Toronto, receiving a Bachelor of Arts and a Bachelor of Laws. He was called to the Bar in Ontario in 1967.

The previous year he had begun working for the Toronto Community Union Project, a group sponsoring community organizers in working class areas. He became a full-time community worker in 1967, serving in such neighbourhoods as Trefann Court and the South of St. James Town area.

In 1969 he was elected alderman for the newly created Ward Seven, and he was re-elected alderman of that ward three times. He has served on Metro Council since 1974, and was elected mayor of the city in 1978.

Through the years, Mayor Sewell has been a frequent and vigorous writer on municipal affairs, and in 1972 he published a book about his political experiences which then he could call *Up Against City Hall.*

He is now seeking a second term, and it is my pleasure, on behalf of the club, to welcome Mayor John Sewell.

MAYOR SEWELL:

Like most of you, I'm concerned about the slow-down in our economy. Today I'd like to talk about the problem and offer a challenge to both leaders such as yourself and to governments like City Hall.

First, let me provide a snapshot of the present economic situation in Toronto.

First, almost 100,000 people in Metro are unemployed and looking for work. Nevertheless, our urban economy — because it is so diverse — is much more stable than that of other urban areas in southern Ontario. While layoffs have affected many people in Metro, their effect has been much more severe in other cities.

Second, the industrial sector in Toronto is holding steady — at about 80,000 jobs — but it is declining in the rest of Metro. In spite of provincial measures, the industrial sector in southern Ontario as a whole continues to be shaky: plant shutdowns and re-location scares abound.

Third, Toronto is in the midst of a construction boom that began in 1979 and looks likely to continue well into 1982 and possibly beyond. It's clear that developers have a great deal of confidence in an expanded office-space market in downtown Toronto. However, one must note that construction activity in the suburbs of Metro is at a very low level.

Fourth, the population of Metro is shrinking. No longer will we be able to rely on natural growth as a fuel to economic activity.

As I see it, the present situation is somewhat mixed. We aren't growing in a satisfactory manner, but at least we aren't contracting.

What can we do to encourage more economic activity? By we, I mean both those of you in the private sector, and those of us in the public sector. How can we co-operate in regard to policies and their implementation to create more jobs, and more wealth?

For me, as well as others, the best line of attack is to look at industrial policies — since it's industrial activity that spawns many other economic undertakings.

Traditionally, municipalities like Toronto have relied on two industrial strategies: either attempting to attract new companies (particularly from the United States); or relying on provincial initiatives. I suspect that these strategies will become less and less important to Toronto. The province will spend more of its time and energy on municipalities weaker than Toronto — and that's only fair — and as a built-up city we don't have much room for foreign firms to build large plants.

But I believe there are two areas that cities and the private sector in Canada have ignored over the years, areas of industrial strategy that require our joint attention. I'm talking about import replacements, and innovations.

First, import replacements. Every time we manufacture here in Canada an item previously imported, we

John Sewell and Arthur Eggleton
with Club President Reginald Stackhouse

create both jobs and economic activity. Replacing imports gives us a healthier economy.

The provincial government now works with the private sector in encouraging import replacements through trade exhibitions where imported articles are displayed.

But we in City Hall can do more. In your own companies, you can encourage your purchasing director to implement a policy of seeking out Canadian goods as a first priority. We in the public sector can do the same, particularly at City Hall, and we can encourage all public and quasi-public bodies to do the same. When you think of the market power of hydro boards, hospitals, and other public bodies, you can understand the real change that a policy of import replacement could make in our economy.

And together we can do more: City Hall can help companies interested in pursuing import replacements: we can provide analysis of imports and markets. We can provide contacts in various industrial sectors. In short, we can be as helpful to firms wishing to replace imports as we've been to the film industry during the last year.

But it's not a one-way street. The public sector can be supportive, but when it comes down to it we have to rely on the initiative of the private sector. Together we can be really successful in replacing imports.

There's one area of import replacement that is especially promising: that's energy. The more energy efficient we make our buildings and machines, the less energy we'll have to import. Just think of the extra jobs in construction and manufacturing when we get serious about making buildings more energy efficient. It's a really good example of replacing imports as a way of creating jobs.

Let me turn to the second area: innovations.

In Toronto, people are constantly making inventions and innovations. In fact Canada's greatest research and development institution — the University of Toronto — is right under our own nose.

Unfortunately, few of the useful innovations made here actually get implemented here. Most of them are picked off the shelf and tried out south of the border, where new jobs are created down there from Canadian inventions.

It's interesting to note that one of the first acts of the University of Toronto's new president, James Ham, was to set up the Innovations Foundation — a foundation dedicated to ensure that innovations at the university are used to create jobs here as well as create a financial return to the university. People may want to sit back and talk about the ivory towers of the university, but I think Dr. Ham is at least one step ahead of the rest of us in this area.

The public sector and the private sector must get more serious about turning innovations into new products and services that produce real jobs and real wealth. As a city government we've avoided this challenge. It's time that we faced up to it, with the creative thinking that's needed to deal with the risks involved.

City Hall can help. We could hire personnel thoroughly familiar with various particular kinds of industry and with new ideas that are looking for firms. We can encourage firms to explore ideas they might otherwise slough off. We can help make links between the research capacity of the university and the needs of local industry.

In short, City Hall can provide an impetus for a serious approach to innovations. But our activity won't mean anything unless the private sector takes the initiative to transform innovations into real products and services.

Thus I'm throwing out two challenges to city governments and the private sector: let's work together to turn innovations into new products, services and jobs by local Canadian companies; let's work together to encourage public and private schemes to replace imports.

There's the challenge. We should take it up if we really care about the economic health of our city.

Thank you very much.

The thanks of the club were expressed to Mr. Eggleton and Mr. Sewell by Sir Arthur Chetwynd, a Past President of The Empire Club of Canada.

OCTOBER 30, 1980

Canada and the United States: Casual Neighbours, Critical Partners

AN ADDRESS BY David Rockefeller,
CHAIRMAN,
THE CHASE MANHATTAN BANK

JOINT MEETING The Canadian Club of Toronto
The Empire Club of Canada

CHAIRMAN Reginald Stackhouse, President
The Empire Club of Canada

DR. STACKHOUSE:

Ladies and gentlemen: To speak of our world as a global village is a commonplace, but not all of us appreciate that one reason this planet has become a community is the constant flow of information, negotiation, and conciliation through the corporate network that spans the globe.

Every four years the competition for the White House becomes such an all-consuming passion, for not only Americans but Canadians too, that we might assume there could be no greater honour conceivable than to become President of the United States. But according to one biographer, for David Rockefeller to be elected President would be a demotion!

That extraordinary claim was based not only on his having headed, for many years, one of the largest banks in the world, but because of the national and international significance of his bank's operations, and also the style with which he has conducted its affairs. On behalf of the Chase Manhattan Bank, he has travelled tirelessly throughout the United States and has made repeated visits to most of the world's capitals and business centres, establishing and maintaining connections with leaders of government and finance on a scale enjoyed by few heads of state. His bank is said to have so many representatives in so many countries that its chief has what amounts to his own diplomatic corps.

To many, it seems almost to be expected that someone with the name Rockefeller should be head of a bank, but the fact is he is the only member of his large family to make banking his career. After studies at Harvard, London and Chicago, where he took a PH.D. in economics, our distinguished visitor entered the bank where, apart from years spent in World War II service, he has worked ever since. But there has been much more to him.

Although the name, David Rockefeller, connotes high finance the world over, our guest of honour has not been confined to banking for his interests. He is, for example, an expert entomologist (a beetle is named after him). He is a renowned collector and judge of art.

Convinced of the social responsibility of the capitalist system, he has devoted himself also to so many projects of civic betterment that he has twice been asked to run for mayor of New York. He has also been twice sought for the position of Secretary of the Treasury, and also for that of Secretary of Defense. He has been a leading member of the Council on Foreign Relations, an organization for the study of world affairs so prestigious and influential it has included every Secretary of State since World War I with only two exceptions.

Five hundred years ago the Renaissance ideal was the universal man, the person whose interests and talents transcended the narrow restrictions of the twentieth century specialist — the person who learns more and more about less and less, until he knows all about nothing, and then gets his PH.D.! Our speaker does have a PH.D., but he is a universal man, and it is my privilege now to present Mr. David Rockefeller.

MR. ROCKEFELLER:

Good afternoon. It's truly a pleasure for me to be here today. Toronto is one of my favourite cities, and I haven't had the chance to see it as often as I'd like.

I'm also very *honoured* to be here. Both the Empire Club and the Canadian Club have long provided a valuable public forum to air issues of considerable political and economic importance. The tradition is a venerable one, and I'm delighted to be a part of it.

Still, I have to confess I'm surprised to see all of you meeting under the same roof. I always thought the only time both your organizations might get together would be to hear Anne Murray sing!

Some of what I have to say today, I'm afraid, is not a cheerful song. We face, throughout the world, a frightening degree of political instability — from the invasion of Afghanistan to the turmoil in Southeast Asia, from the war in Iran and Iraq to the violent political antagonisms in Central America. These are, indeed, unsettled times.

By comparison, the differences between Canada and the United States are clearly minor irritants. To be sure, a major treaty on fisheries lies unratified. And squabbles continue about advertising on U.S. television stations that broadcast into Canada.

Even so, our two nations manage a border five thousand miles long more casually than neighbouring countries anywhere else in the world. Though we in America feel close and warmly toward our Canadian neighbours, we have learned not to take Canada for granted. We also have come to recognize the validity of your desire to do things your own way. We should be able, on both sides of the border, to acknowledge the differences that exist while remembering the vast interests we have in common. Certainly it was in this spirit that your government rescued several Americans from Tehran last winter, an act which touched the hearts of all of us in the United States.

Besides, if there is one constant in our otherwise troubled world, it is the inexorable momentum with which our two economies, as well as the global economy, have become increasingly integrated and interdependent. Since the end of World War II, global trade has grown by a startling degree. Canadian-U.S. trade is a prime example. Last year alone it amounted to ninety billion dollars.

So, what I'd like to do today is explore some of these Canadian-U.S. trade links in the context of the current world trade situation and the problems that bear on it. These problems include:

- world-wide instability and the global economic slowdown;
- the resulting pressures on global trade;
- the international *im*balance of payments; and
- the growing sentiment toward protectionism in the U.S. and elsewhere.

The chief problem right now, of course, is the recession that's beleaguering most of the economies of the world — including Canada's. As I'm sure you know all too well, Canada has had its first *real* recession since 1954. Gross domestic product declined by more than 1.5 per cent here in the first half of the year, although Alberta and British Columbia have been largely unaffected.

In the United States, our recovery appears very mixed. Despite a surprisingly strong showing for business activity in the third quarter, there are still elements of heavy drag in the economy. Maybe the election next week will help clear the air, although I must say the campaign thus far hasn't helped to clarify much.

David Rockefeller
Chairman, The Chase Manhattan Bank

What's evident now is that the U.S. recession appears less severe than many feared a few months ago. The downturn in Europe, by contrast, may be sharper than most people expected. Europe's slide into recession didn't actually start until the second quarter, so there may not be any positive growth across the Atlantic before the first quarter of next year. Even Japan is facing some problems. Although it should technically avoid a recession, domestic demand is now weak in Japan and it may well be next spring before there's significant recovery.

The recession, in short, is taking its toll. Output among OECD countries — and the newly industrialized countries as well — is down; unemployment is up.

The good news in all this, if one can find good news in it, is evidence that this recession won't be nearly as severe as what occurred in 1974-75. At that time the world had been jolted by the initial leap in petroleum prices. The recent oil price hike, of course, is a major factor behind the current recession. But unlike last time, both North American and European economies are in a better position to withstand the initial effects of the price increases. As a result, the recession has not been as deep.

The bad news, however, is that the recession has not purged our economies of inflation. Here in Canada you have a special problem with inflation right now as you work to bring domestic oil prices more in line with international levels.

In most industrialized countries, inflation has, if not stopped, at least slowed down. In fact, there's now some hope that consumer price inflation may have peaked last spring. If the conflict between Iran and Iraq doesn't disrupt Middle Eastern oil production too long, there's even a possibility that inflation may abate noticeably in the major industrialized nations next spring. We can all take some consolation in that, although the assumption on which it is based may not prove to be justified.

On the other hand, what the recession did do was to disrupt and curtail long-standing trade patterns. This tends to make for a very ragged recovery worldwide. As you would expect, world trade volume also is down. Based on recent growth rates, trade volume should have expanded by six per cent or more. Yet this year we'll be lucky to see any increase at all over last year. And in 1981, volume is unlikely to climb more than three or three-and-a-half per cent.

For Canada and the United States the problem has a special cast to it. Because we are each other's biggest and closest trading partners, both countries suffered when the bottom fell out of the North American automobile industry this year. One reason your export volume declined earlier this year was the drastic reduction in demand for automotive products. Ultimately I have confidence that our automobile industry's decision to build a product competitive on a world scale will pay off — even if it was a belated and painful decision. Until the payoff begins, though, it will continue to strain our two economies.

This also has put some strain on the automotive product agreement between our two nations. I am hopeful those strains will ease as the large investment in the Canadian auto industry this year comes on stream, and as the product line allocated to Canada shifts away from larger, less economical autos. The agreement, of course, is a major underpinning for U.S.-Canadian trade. It's considered a model for how two nations can merge their respective economic goals to mutual advantage. While it may be necessary to make adjustments from time to time, I think the agreement fundamentally is sound. In fact, I would urge that we explore the possibility of working as closely in other sectors of our economies.

Meanwhile, there is another problem whose potential impact on world trade financing could be enormous. This is the dramatic increase in the imbalance in international payments which began last year with the latest round of oil price hikes.

It is estimated that the combined current account surplus of the OPEC states will be around $120 billion by the end of this year, and it would still run close to $94 billion next year. The composition of that surplus may change as a result of the war between Iran and

Iraq. But it's unlikely that the size of the surplus will shrink much.

The source of all this surplus money piling up in OPEC hands is the large deficit being assumed primarily by the industrialized countries, but also, to a significant degree, by less developed countries.

The last time OPEC accumulated such a huge surplus there was considerable concern over how to recycle the so-called petro-dollars, how to put the money to work in industrialized and emerging nations who needed it. In fact, it turned out to be less difficult than most people expected. This was due to the fact that the international private banking system — including, importantly, the Canadian banks — accomplished the job through the Euro-currency market more effectively than anyone thought possible.

Now the whole problem is back in our laps again. It has particular ramifications for the less developed countries and their trade efforts. In view of the debt load they carry as a result of the first oil price upheaval, there has been considerable pessimism about trying to refinance them once more. Put another way, the question is: Can the global financial system do it again?

My answer is a qualified yes — qualified by the measures that international organizations and the OPEC nations are willing to take, as well as those of the banks. The private banking system simply cannot assume as much of the risk as it did last time. So I would look to official lending agencies, such as the IMF and the World Bank, to increase both their loan volume and their capacity to make loans. Also, the OPEC nations with a significant surplus should play a larger role, either through direct lending or through the international agencies.

As they did last time, I expect Canadian banks will once more play a sizable role in assisting the recycling process. And, as happened before, not all the recycled funds will find their way back to the less developed countries. In its broadest sense, recycling also includes the movement of surplus capital through private investment channels back to the fully industrialized nations to help stimulate industrial expansion and underwrite trade.

Here in Canada, for example, it has been estimated that the expansion of your domestic gas and petroleum industry over the next ten years will require at the very least investment capital in the $250 billion range. A substantial amount of this, as your government acknowledged in its new budget earlier this week, simply will have to be raised abroad. What's more, in view of the Canadian-ownership objectives spelled out in the new budget, most of that foreign capital would have to take the form of debt financing. One thing that this suggests, it seems to me, is the need for a bigger role for *international* banks in helping underwrite your twin *national* goals of increased production and broader Canadian ownership. How acceptable this will be to the various parties involved remains to be seen.

Today's world no longer permits even the most isolated of economies the luxury of being totally self-supporting. We all rely on trade. We have to. And despite all the political upheavals and turmoil in recent years, I believe we have made good progress on setting rules and guidelines for world trade.

One example is the recently concluded Tokyo round of GATT negotiations. For the first time there has been some substantive agreement on reducing non-tariff barriers to trade. These barriers include everything from special government subsidies for specific industries to the practice of unloading or "dumping" goods in a foreign market at prices below what is charged in the domestic market. They have been a particular sore point with American industry for a long time. I call them the "guerrilla warfare" of international trade. Unrestricted until now by formal trade agreements such as GATT, they have often struck at the heart of our industry, sometimes targeting certain industries in what amounts to sabotage of formal trade arrangements.

The agreement coming out of Tokyo dealt not only with government trade subsidies and anti-dumping, but also with customs valuation practices and industry standards. The standards issue is especially interesting. What the GATT countries have agreed to is that governments should not be allowed to set domestic product standards which amount, in effect, to a protective device to keep out imports. And under the new agreement, it will officially be permitted for any country which finds itself hurt by such standards to retaliate with its own standards. This is a necessary step in the right direction.

Despite all the progress made through GATT to open up trade and equalize trade opportunities, there remain some significant inequities in areas where foreign and domestic competition meet. Ironically, these inequities are occasionally self-inflicted by the host nation. To take an example I am very familiar with, foreign banks have far more latitude in the United States than American banks. They are not restricted by the same rules, especially the same anti-trust rules, that apply to American institutions. Some can bank across state lines and buy up other banks — privileges generally not permitted American banks. Their reserve requirements are less onerous too. The most important point, however, is that the U.S. has welcomed foreign banks, and they, in turn, have made constructive contributions to our overall banking system.

So we view with much interest the Federal Bank Act revisions anticipated here in Canada later this year. Allowing foreign banking companies to establish full-scale banks in Canada — not just the "near banks" they now have — is a welcome move. Despite the restrictions imposed on capitalization, we feel the Bank Act is a significant first step. But it still leaves a disparity between the broad freedoms allowed Canadian banks in the United States and the restrictions on American banks in Canada. Our hope is that, in the not too distant future, Canada will remove some of these lingering restrictions. Clearly, it is unlikely foreign banks will suddenly dominate Canada. I must say it's hard enough to compete with Canadian banks in New York, much less on their own turf!

I raise this point because a feeling of protectionist sentiment has recently begun to emerge in my own country. And it concerns me. In the last few months we in America have heard more than a few calls to batten down the hatches against imports, to protect our workers from foreign competition and our industries from foreign innovation. Feeding this protectionist sentiment is the public's perception, correct or not, that some of our trading partners are unwilling to open up their markets. I suspect this sentiment echoes the public outcry that occasionally surfaces here against the U.S. business presence in Canada.

Let me make clear that Canada has not been the target of the protectionist outburst in the United States. This sentiment is generally directed elsewhere, a fact which again illustrates how closely our two economies are tied and how readily we have been able to manage our trade relations. However, as we move ahead in the coming years — as I think we must — to broaden our trade relations even more, this sentiment in America will not make negotiations any easier. At the same time, national attention here necessarily is being focused on the constitutional questions now facing Canada. I simply hope that the whole question of closer trading ties doesn't get overwhelmed by the press of other issues, or put off into the distant future.

In the end, it seems to me, sharing as we do a common democratic heritage and having many interests in common, we will avoid the mistake of letting petty irritations override our mutual goals. Minor problems of one kind or another between our two countries will probably never be entirely eliminated. But I am confident that as nations we can be mature enough to rise above these small differences and co-operate on all matters of mutual importance. Canada and the United States have been such strong partners for so many years now that it is certainly essential to us — and to the world — to continue that partnership without interruption. It is in this spirit, I believe, that we must approach the months and years ahead.

The thanks of the clubs were expressed to Mr. Rockefeller by Mrs. Margaret Scrivener, First Vice-President of the Canadian Club of Toronto.

NOVEMBER 6,
1980

NATO: The Continuing Challenge

AN ADDRESS BY Admiral R.H. Falls,
CHAIRMAN OF THE
NATO MILITARY COMMITTEE

CHAIRMAN The President,
Reginald Stackhouse

DR. STACKHOUSE:

Ladies and gentlemen: In his study, *Canadian Military Independence in the Age of the Superpowers*, Dr. Brian Cuthbertson writes:

> Canadians consider themselves an unmilitary people. For over 150 years they have not had to face an invasion or the imposition of peacetime conscription. But they do have a military history: even at the time of Confederation they were called upon to defend themselves against the Fenians; since then Canadians have fought in two rebellions in the northwest, the Boer War, two world wars including an expeditionary force to Russia, and the Korean War. In this century Canadians have engaged in overseas military operations on a scale and with a moral commitment that few in peacetime imagined possible.

Those words are a timely reminder — especially in the week before Remembrance Day — of the easily forgotten but nonetheless important part in our national life played by our armed forces.

It is therefore appropriate that we should be addressed by a distinguished military leader, Admiral Robert H. Falls, Chairman of the NATO Military Committee and immediate past chief of the defence staff, Canadian Armed Forces.

The defence of Canada has been Admiral Falls' single minded dedication, his entire professional life having been spent in the Armed Forces. His military career began in 1942 when he joined the Royal Canadian Air Force. After the war he transferred to the Navy and has been on active duty with the Armed Forces ever since, rising through the ranks from Aircraftman Second Class to Admiral, and receiving many honours.

In 1972 he joined the headquarters staff in Ottawa, becoming vice-chief of defence staff in 1974 and chief in 1977. In July of this year, he became chairman of the NATO Military Committee at Brussels, the first Canadian to hold this senior and strategic position. The committee's function is to advise the NATO Council.

In this role, Admiral Falls is in the centre of what Henry Kissinger has called "an uneasy alliance," but which all Canadians know is a vital part of our country's policy on external affairs and national defence. Concerning this, Dr. Kissinger writes:

> Canada's relations with NATO have always had a special character. Unlike the European countries, it was not directly threatened; unlike the United States it could not be decisive in the common defense . . . Canada's somewhat aloof position combined with the high quality of its leadership gave it an influence out of proportion to its military contribution.

The Empire Club of Canada is honoured to have a representative of that leadership at NATO speak to us today, and it gives me great pleasure to present Admiral Robert H. Falls.

ADMIRAL FALLS:

Ladies and gentlemen, it was with very great pleasure that I accepted Dr. Stackhouse's invitation to speak to you today. My subject, as you know, is NATO, and although this is an old subject — thirty-one years old this year — it is also a new subject in the sense that without constant attention and care NATO, like every other large organization, would atrophy; and so I am very pleased to have an opportunity to speak on this subject before some of the leading citizens of Canada.

As I said, any large organization needs attention if it is to avoid atrophy: if it is to avoid confusing aims with means; if it is to avoid seeing bureaucratic paper-shuffling as actual achievement; and most important, if it is to avoid the rigidity and inflexibility which place too great a value on old and cherished ideas and which tend therefore to automatically reject new approaches as being too difficult or too expensive, or both.

Now, even aside from government, there are many examples to illustrate my point. The automotive and steel industries in many parts of the world come to mind, as indeed do many other aspects of the world's heavy engineering industry.

For most of you in private enterprise the objective is to make a profit, and the amount of profit is usually also the *measure* of effectiveness of the organization. The year end balance sheet measures how well you are doing. In NATO, success is more difficult to measure because performance cannot be related so directly and easily to objectives.

Nevertheless, today I would like to give you a brief balance sheet of the Alliance as I see it, and to mention some of the challenges it faces. You will be in a better position then, I hope, to judge whether this large organization now approaching middle-age could benefit from some new ideas.

The Alliance is in the first instance a political organization of fifteen like-minded sovereign democracies. Unlike the European Community, NATO is in no sense a supra-national organization; it is strictly the sum of its members.

It is first and foremost an Alliance dedicated to promoting the security of its member states: the charter is an agreement that an armed attack against one or more member states in Europe or North America shall be considered an attack against them all. At the same time, the charter provides for continuous co-operation and consultation in the political, economic and scientific fields, an addition for which we can thank a great Canadian, Lester B. Pearson.

It is important to remember that the Alliance was founded in a bi-polar situation. There was a clearcut East/West confrontation and NATO was designed as our response to that challenge from the East.

NATO has fulfilled its mandate for over thirty years; in my view very successfully. And, in one sense, there has been very little *fundamental* change during that time. We have had periods of crisis and long periods of calm. NATO's military strength has always been enough to deter aggression and so we have successfully avoided war, but I can detect no basic change in Soviet policies. Their approach remains aggressively competitive, and it is characterized by an incessant search for targets of opportunity, and a willingness to exploit any Western weakness. Recent events vividly illustrate their approach.

I honestly believe that it is the West that has consistently shown a more convincing willingness to reduce tensions and so to reduce armaments. Twelve years ago the Alliance formally dedicated itself to the simultaneous pursuit of two objectives: détente and deterrence: to lessen tensions and arms levels, but, at the same time, to maintain a defensive strength that would deter any military adventure. These are still complementary and equally important objectives, and both are being pursued with determination.

Philosophically, I suppose, both goals are equally difficult of achievement. But practically, it is the maintenance of a credible military deterrent which poses the most difficulties, because a steady stream of Soviet assertions that the Kremlin seeks only détente, disarmament, and peace have not prevented the Soviet Union and its allies from undertaking a dramatic and alarming increase in their military strength.

The military effort of the Soviet Union is truly remarkable and represents an enormous burden on what is still in many ways a developing economy.

With such a high level of expenditures it is hardly surprising that over the years the Soviets have achieved equality or superiority in all branches of their military establishment and in nearly all categories of weapons systems; including the achievement of a rough parity with the United States in nuclear weapons.

In the not so distant past the numerical imbalance in favour of the Warsaw Pact in men, tanks, guns, aircraft, weapons of all sorts, and the advantages they have by reason of geography and therefore of internal lines of communication, could all be accepted because the West's technological ability could be relied upon to produce qualitively superior equipment. And that *can* be, of course, an overriding advantage. But the West's lead in this area is now marginal at best.

Russia certainly devotes an impressive proportion of her military budget to research and development; she has done so for decades. But the results are now there for all to see. Indeed the rate of improvement in Soviet tank and anti-tank forces is an object lesson in how quickly a good research and development effort can be given practical application.

Admiral
R.H. Falls,
Chairman of the
NATO Military
Committee

From now on we can expect a constant qualitative improvement in Soviet equipment. Weapon delivery techniques and accuracy are already improving at a rapid pace, and despite the great cost to their economy, the Soviet leadership seems to be ready to spend as much as they think necessary to improve every facet of their ability to wage war. As a result, we can no longer rely upon our historic, almost taken-for-granted ability to remain qualitatively ahead of a numerically superior opponent.

As you can see, the West faces a major challenge. It would be so helpful if we *knew* the Kremlin's intentions. Unfortunately, we can only surmise.

Certainly it seems to me that the Russian national memory of even the two most recent world wars has led to a determination to never again be subject to Western aggression. The feeling of impotency in the late forties in the face of America's sole possession of nuclear weapons must have added an element of desperation to that national determination. Finally, China's becoming a powerful enemy instead of a powerful friend must have given yet another impetus to military spending.

So, let us admit a Russian fear verging on phobia of yet another attack from the West; let us admit the fact of a perceived danger of huge proportions on the Eastern frontier. Let us admit the necessity for rather large armed forces just to maintain the integrity of Russia's buffer zone in Eastern Europe — the unhappy satellites of the Warsaw Pact. Admitting all that in full measure, the Soviet defence effort is still much too large to be a reasonable response to fears of outside threats. Still less does it explain why the *trend* is still up, why each year a larger proportion of real GNP is devoted to the military. And it is this large gap between what would be reasonable and what, in fact, is being done, which causes us such grave concern, which makes us wonder about the intentions behind Soviet military policy.

We can draw several possible conclusions. Either the military/industrial complex in the Soviet Union is out of control and Russia's leaders cannot slow down the massive momentum of research, development and production which has built up over the years; or, the Soviets see the maintenance of massive military forces as the most efficient way to influence world events by the projection of power; or, Russia's leaders have always been and still are determined to build a military machine capable of crushing any opposition to the furtherance of Russian policies.

Actually, even if we knew all the answers it wouldn't help us a great deal because Russia's leadership must soon change, and the new leaders — whoever they may be — will find that they control an awe-inspiring military machine. Who can tell what use they may wish to make of it? It is surely only prudent to maintain our defences at such a level that any leader would flinch at the possible consequences of attacking us.

That is exactly what NATO is designed to do, and that *is* what we are trying to do. Of course, the appropriate level of defence and the appropriate strategy to maintain a credible deterrent depends to a great extent on the possible threat, the potential enemy and the forces he has at his disposal. I have given you a brief look at those capabilities. Now, what are *we* doing?

NATO's first true strategy was "massive retaliation." This required conventional forces capable only of acting as a trip-wire followed by massive nuclear retaliation against the attacker. In the early sixties NATO changed its strategy to "flexible response." There was a good reason for this because by that time Russia's intercontinental nuclear forces were such as to make "massive retaliation" something approaching "mutual suicide." De Gaulle first, and then others, thought that the threat of massive retaliation was, therefore, becoming less and less credible; thus making deterrence against conventional attack in Europe less and less effective.

"Flexible response" required an increase in NATO's conventional warfare capability because the new strategy was based upon the triad of conventional forces, tactical nuclear forces and strategic nuclear forces. The deterrent rests upon our stated intention to respond to aggression at whatever level is appropriate. Thus, if our conventional forces were strong enough to stop a conventional attack, we would go no further. However, if the West were unable to stop the attack, the agreed strategy is to use low-yield nuclear weapons on the battlefield. And, of course, the third leg of the triad, strategic nuclear weapons, would be used only in response to a Russian strategic attack.

Now, if we are to avoid war, our *forces* must be adequate to our strategy, and our *strategy* for the use of our forces must be credible — not just to *us* — but to any potential enemy.

But is this the case? Let us look briefly at these two fundamentals.

First of all, our forces. The trend was and *is* towards greater imbalance, and so Western nations agreed in Washington in 1978 to increase defence spending by three per cent annually in real terms.

With this modest increase in resources significant improvements can be made in areas of special weakness. All nations are also making a greater effort towards achieving either standardization or interoperability of equipment so that we can get more value for the money we spend. The problem is that many nations are not fulfilling their obligations, but more of that later.

It is paradoxical that one has to re-arm to promote disarmament. But with the Russians on the other side of the bargaining table, there seems to be no reasonable alternative to doing exactly that.

Now, our strategy. As I said, our response to aggression, the response which should preserve peace by making aggression too dangerous, is *flexible*. It is to defend ourselves first with our conventional forces, then, if our conventional forces are too weak to stop the attack, we would respond with our small tactical nuclear weapons. This is a horrifying prospect, and it would make a victory by the Warsaw Pact hollow indeed; even if "victory" could be imagined in those circumstances. Therefore, we should reasonably expect our strategy of "flexible response" to deter aggression *if* — and this is very important — *if* the opponent believes that we will really do what we say we will do. But *do* they believe it?

After all, "massive retaliation" was and still would be a pretty impressive threat, but we abandoned that idea because we thought that, since it was the equivalent of mutual suicide it was no longer a *believable*, a *credible* threat in the then prevailing balance of power.

Do they believe our present (now eighteen years old) strategy? If they *truly* believe it, presumably they would either attack all-out using nuclear weapons in an initial blitzkrieg in an attempt to capture a Europe virtually destroyed in the process, or they wouldn't attack at all — the latter I sincerely hope. In any event, if they honestly believe that we mean what we say, they would be very stupid indeed to mount a *conventional* attack.

But if they conclude — as *perhaps* they could — that their tactical nuclear forces were now so imposing that we would not in the final analysis dare to use our tactical nuclear weapons to stop a conventional attack — just as we would no longer perhaps resort to massive retaliation — then their massive arms build-up may be explicable. They may believe that sometime in the future they could take part of Europe with powerful conventional forces backed by their threat to destroy Europe with nuclear weapons if we responded with our nuclear weapons against their *conventional* attack.

I don't offer this as a thesis, but as something that we should all think about. Indeed, we should think about whether there *would be* a point at which the balance of nuclear forces in Europe would be such as to make our political leaders, who are, after all, the decision-makers in nuclear affairs, hesitate to use our tactical nuclear weapons even in the fact of a successful conventional attack.

Because, if we conclude that there are such circumstances in which we might *not* want to use nuclear weapons, then perhaps we should start considering the options open to us while we still have time.

As I see it, the options are first, to stick to our strategy of flexible response in the quite reasonable expectation that the Warsaw Pact would not risk an attack because they could never be *certain* about what our reaction might be; second, to revert to the strategy of "massive retaliation"; third, to decide to build up our conventional forces to a level which would ensure our ability to defend ourselves *without* having to use nuclear weapons.

I think that it should be obvious to everyone that the third option is worth serious consideration. Should we in the West, in the light of these changing circumstances, strive to improve our conventional forces to a point (whatever that may be) where we would have the ability to stop an aggressor dead in his tracks, *without* resorting to nuclear weapons?

If we were to decide to do so, then we would no longer have a strategy of "*flexible response*," we would have instead a strategy of "*equivalent response*." A conventional attack would be repelled by conventional forces, and a nuclear attack would be repelled by nuclear forces. If a conventional attack were to include chemical warfare, a highly lethal and indiscriminate form of weaponry, the nearest equivalent response is nuclear weapons. This would obviously require some new thinking by our political and military leaders.

Would a strategy of "equivalent response" make conventional war in Europe more or less likely? Would it make nuclear war in Europe more or less likely? Would it make progress towards peace and disarmament more or less likely? These are difficult and complex questions. They are questions, however, that should be discussed fully and openly in our democratic societies. They are questions which affect the future of every citizen in the North Atlantic Alliance, and it should be a matter of course that such subjects are openly discussed by the most intelligent men available in our community of nations, military and civilian, so that our publics and governments make the best possible decisions in this awesomely dangerous world.

This discussion would not be complete without a few words on détente.

I believe that the Alliance as a whole, all its member states, remains committed to détente. But the word has given rise to a great deal of misunderstanding. NATO is committed to détente but we have never been under any illusion that we had achieved a genuine relaxation of tensions. Afghanistan merely confirmed that view.

Friendly relations, even relaxed relations, between East and West remain a distant goal rather than an established fact. And I cannot see *true* détente as being anything other than indivisible — it should apply to all areas of the world.

We all agree, I think, that we must break down the walls of suspicion and hostility that divide East and West if we are not to face an arms race which lasts for decades into the future, and lays a heavier and heavier burden on both sides.

The Mutual Balanced Force Reduction talks in Vienna, the SALT talks, and the Conference on Security and Co-operation in Europe (CSCE) resuming next week in Madrid, are all efforts to this end. The NATO Alliance plays a different role in each, but, whatever the role, having representatives of fifteen nations always in close contact in Brussels makes consultation and the consideration of others' points of view infinitely easier.

This does not always lead to a unanimity of view, but unanimity is rarely necessary. It *does* lead to a tendency to see the world a little more through collective eyes, a little less selfishly.

NATO and its structures are, as I said at the beginning, nothing more than the states which are members. Factually correct, but perhaps there *is* something more. At Brussels certainly there is a NATO attitude of mind. This is reflected back to capitals by national delegations and military representatives and it leads I think to NATO being something more than just the sum of its parts. I am proud to have been asked to be Chairman of its Military Committee, and proud to have an opportunity to play however small a part in making the system work and progress.

Finally, I cannot be expected to have such an important audience and yet resist the temptation to say just a few words of exhortation!

The NATO Alliance is spending a great deal on armaments and it looks as if we may have to spend even more. It is frustrating and irritating because we have no desire for territorial aggrandizement; no wish other than to live in peace and friendship with the rest of the world. When the choice always seems to be between defence and foreign aid, or renewal of industry, or improved social programs, it is difficult and annoying to have to choose defence.

But in the Western world, we live, as a community more than 300 million strong, in the most democratic, the richest group of countries the world has ever known. We enjoy a higher standard of living, a better quality of life, greater freedom of expression, and greater personal liberty than man could have imagined possible even fifty years ago.

We have something worth defending and we have the means to do it. It seems to me that it would be criminally short-sighted to risk the survival of the Western world for the relatively marginal cost of the defence insurance premium.

Conventional war in Europe with modern weapons would be incredibly destructive; a nightmare. A war waged even with *tactical* nuclear weapons on that crowded continent would cause destruction beyond comprehension.

In the Western world, we have the wealth, but we also have the unemployed; we have a very high standard of living, but we also have under-used production facilities. We have enormous numbers of well-educated energetic people. Surely we should not hesitate to devote as much of all this wealth as is necessary to ensure a prudent and reasonable defence.

Surely we would be criminal indeed to put the heritage of generations of Europeans and North Americans in danger of destruction because we don't like the thought of war, or because nuclear weapons frighten us, or purely and simply because we want to gamble the pleasures of current consumption against the risk of war.

Together, we can afford the intellectual and material resources necessary to ensure our survival, to the extent that man has it in his power to do that. No group of nations in history has ever been more capable of ensuring its own security. We can do *that*, and we can also if we have the will, help preserve peace in the rest of the world by aiding the developing nations in their fight to eradicate poverty, disease and hunger.

The challenge is there before us. I believe that we can and must rise to that challenge, we must fulfill our responsibility to the generations who will follow us and to the rest of the world.

The Roman Empire and civilization collapsed in an excess of hedonism and self-indulgence while the energetic enemy was already at the gate. The result was war. Today that would be catastrophic. Let us learn from history.

The thanks of the club were expressed to Admiral Falls by Brigadier General Reginald W. Lewis, a Past President of The Empire Club of Canada and Treasurer of the Empire Club Foundation.

NOVEMBER 13, 1980

Current Questions About Banking

AN ADDRESS BY Gerald K. Bouey,
GOVERNOR OF THE BANK OF CANADA

CHAIRMAN The President,
Reginald Stackhouse

DR. STACKHOUSE:

Ladies and gentlemen: The famous banker, J.P. Morgan, was well known for an answer he gave to the question: "What do you predict will be the future of interest rates?" The financier replied: "They will fluctuate."

The accuracy of that prediction has shown how the uncertainties of the market place must also apply to the money market, and how there is a need for a stabilizing agency to prevent unavoidable uncertainties from becoming avoidable catastrophes. As the nineteenth century economist put it: "Money will not manage itself."

For that reason among others, the government of R.B. Bennett established the Bank of Canada in 1934, and since then the bank has become a vital instrument for stabilizing the Canadian economy. In effect it has become the country's money manager.

Meeting the challenges of that responsibility has been the duty of Mr. Gerald Bouey since 1973, when he was appointed Governor after an entire professional lifetime of banking service.

Born in Axford, Saskatchewan, Mr. Bouey joined the Royal Bank of Canada at Weyburn in 1936 as a youth of sixteen. From 1941 to 1945 he served in the RCAF, and following the war entered Queen's University. On graduation in 1948 he joined the research department of the Bank of Canada where he has worked ever since.

After rising to be chief of the research department, he became adviser to the Bank's Governor in 1965, and four years later was appointed a Deputy Governor himself, being named Senior Deputy Governor in 1972.

Mr. Bouey is also a director of the Federal Business Development Bank, the Export Development Corporation, and the Canada Deposit Insurance Corporation.

In 1973 he joined the Board of Trustees of Queen's University. He and Mrs. Bouey, whom we also welcome today, reside in Ottawa.

The Empire Club is honoured by the fact that of four Governors of the Bank of Canada, Mr. Bouey is the fourth to address the Empire Club. This is a great privilege for the club because of the high esteem in which both this office and its holder are held. Each one of them has become a nationally known figure because it has been appreciated from coast to coast there is scarcely anyone more vital to the country's economic well-being.

This was emphasized at a meeting of a bankers' association addressed many years ago by a former minister of finance, not present at this luncheon. In his address he emptied himself of the vast store of knowledge and wisdom on economics he possessed. Then he turned to the Governor of the Bank of Canada — one of Mr. Bouey's predecessors. He recognized it was now the Governor's turn to speak, but also indicated that since he, the minister of finance, had already said everything, further remarks would be redundant.

So the Governor stood up, and did allow he would not make a speech. But he would tell the meeting what he had been advised by the Governor of the Bank of France. While visiting Paris, he had had dinner with this French counterpart who had told him that whenever there was any tension between him and the minister, he always reminded himself he had seen twenty-two ministers of finance come and go during his tenure.

One might infer that the Governor of the Bank of Canada is the equivalent of at least twenty-two ministers of finance, and it is a very great privilege to present Mr. Gerald Bouey.

MR. BOUEY:

Ladies and gentlemen: When I appeared before the standing Committee of the House of Commons on Finance, Trade and Economic Affairs two weeks ago I was impressed by the fact that there are advantages in a forum where the speaker replies to questions because he can then be confident that at least some of his audience are interested in what he has to say. That format helps to deal with the problem of relevance that all speakers face. It avoids the pitfall into which economists have long been accused of falling, namely, answering questions that no one has asked. The risk is, of course, that the speaker may find himself faced with questions that he doesn't quite know how to answer. It has occurred to me that at this luncheon of the Empire Club perhaps I could go some distance towards a question-and-answer format, but with typical central bank caution I myself am going to choose the questions that I would like to answer from among those that are frequently asked. That seems fair enough to me! So let us proceed.

The first on the list of questions I am asked these days is: Why are interest rates so high? Answer: The basic reason why interest rates are so high is that current and expected rates of inflation are so high. If you make allowance for the current rate of inflation, interest rates are not in fact unusually high. If you make allowance for the current rate of inflation, interest rates are not, in fact, unusually high. If you deduct the percentage increase in the Consumer Price

Index over the last twelve months, 10.7 per cent, from current interest rates in order to obtain an approximation to "real" interest rates, what you get is four to five per cent on mortgages, three to three and a quarter per cent on prime commercial bank loans and about zero to one per cent on short-term savings instruments. Interest rates are thus not so high as to provide savers with a large real return before taxes or, in many cases, with any real return at all after taxes. They are not so high as to discourage borrowers who expect continued high rates of inflation. I am, of course, aware that they are painful to other borrowers who did not expect to have to pay such high rates.

Another question is: Why doesn't Canada have a more independent monetary policy so that interest rates here don't have to move so closely in lock-step with those in the United States? I am inclined to answer that one with another question: Haven't you noticed what has happened this year? Even a cursory comparison of the movements of interest rates in the two countries shows that they have followed quite different paths at times. This year money market interest rates have sometimes been over four percentage points higher in Canada than in the United States and at other times over three percentage points lower. In recent weeks they have been one to two percentage points lower. More often than not in the past year the banks' prime lending rate in Canada has been lower than that in the United States. The Canadian prime rate has ranged from one and three-quarters percentage points higher to three percentage points lower than the United States rate. At the time these remarks were prepared it was about one and three-quarters percentage points lower. Spreads between bond yields in the two countries have also varied considerably. Thus Canada is by no means the thirteenth Federal Reserve District. If further evidence is desired, ask yourself what Federal Reserve District has experienced a decline in the value of its currency relative to other districts of some seventeen per cent in the last four years. I do not mention that particular piece of evidence with any pride, but it is convincing.

The real issue here is not how much interest rate movements in Canada *can* diverge from those in the United States but how much they *should* diverge. The exercise of policy independence in this area involves a price. Where on balance does the Canadian interest lie? That is the question. This year the Bank of Canada has felt that the Canadian interest was best served by more moderate swings in interest rates than those that have occurred in the United States; even so, interest rates here have still been quite volatile for much the same reason as in the United States, namely, because the public's views about the inflation outlook have fluctuated so widely in response to the latest news about the economy. The extent to which the Bank of Canada feels that it should moderate these upswings in interest rates is limited by its concern about the inflationary consequences of further significant depreciation of the Canadian dollar and excessive monetary expansion.

What I have said so far will not prevent people from asking the question: Why is the Bank of Canada so concerned about inflation rather than unemployment when the economy is in a period of recession or slow growth? The answer is that the bank's concern about inflation arises directly out of its concern for unemployment and real incomes. We in the bank believe that the greatest threat to future economic welfare and employment growth in this country is inflation. We must not jeopardize our longer run chances for growing employment and output by putting aside our concern about inflation in the period immediately ahead. This point was made rather well by the Managing Director of the International Monetary Fund on September 30th when he addressed the annual meeting of that institution. May I quote a couple of excerpts in which he discussed two possible scenarios that the IMF had studied.

> Assume first that industrial countries persist in their fight against inflation. Given the present very high rates of inflation in quite a few of these countries, this implies that they accept for some time a reduction in the growth of their nominal demand. It may be expected, on this hypothesis, that inflation in the industrial world gradually decreases, that the average rate of growth of real GNP advances from a low level, and that the recycling problem proves manageable. This scenario is certainly not ideal, as it would entail an increase in economic slack. It would, however, restore by the mid-1980s an environment conducive to sustained long-run growth . . .
>
> Our second scenario supposed that demand management policies make an early shift toward expansion. Growth rates might improve markedly for a year or two, but inflation would flare up again and upward pressures on the price of oil would intensify. A new shift toward severe restraint of demand would probably then occur, bringing about a fall in rates of economic growth. Those countries with weak external positions would see them deteriorate even further and, toward the middle of the decade, recycling problems would become very serious. Several years would have been lost in the fight against inflation, and inflationary expectations would become even more deeply entrenched . . .

The remarks of the Managing Director are related to another question and this time it is one that I want to ask you. Inflation did not used to be a problem in peacetime. What was it that controlled inflation then? Before anyone jumps up to respond to that question I will, as promised, answer it myself. In the past, inflation was controlled by the discipline of market forces working in an economic environment where the pressure of demand in markets was only rarely so strong that prices of goods or services could be raised easily and rapidly. What prevented rapid inflation was the fact that any typical business that raised its prices significantly risked the loss of business to its competitors. If they were to survive, employers simply had to keep their costs — including their labour costs — from rising, and employees could not press too hard for wage increases if they expected their employer to stay in business and their jobs to continue to exist. That is what controlled inflation. That's all there ever was outside of very brief periods of price and wage controls. That's what keeps inflation from getting worse now. This is not to say that no steps could be taken to raise the level of activity at which the Canadian economy can operate without generating higher inflation, and I will come back to this point. It simply means that inflation will never be controlled as long as the overall level of spending in the economy is allowed to grow so rapidly that markets can readily absorb large price and cost increases.

The statement that I have just made is really the answer to my next question: Where does monetary policy come into the picture? Monetary policy is mainly a matter of controlling the rate of monetary expansion and thereby affecting the overall level of spending on goods and services in the economy in an impersonal way. The link between the rate of monetary expansion and the overall level of spending is interest rates. Interest rates are determined by the interplay of many economic forces including the rate at which the Bank of Canada permits monetary expansion to proceed. Higher interest rates tend to discourage

At the reception before lunch,
Gerald Bouey with Club President Reginald Stackhouse

spending; lower interest rates tend to encourage it. Changes in the overall level of spending in turn give rise to some combination of change in real output and change in the price level.

The extent to which a change in the level of spending is reflected in a change in the price level depends heavily on the level of activity in the economy relative to its effective productive capacity. What level of activity and employment in the economy is compatible with a declining trend rate of inflation? The answer depends fundamentally upon the responsiveness of prices and costs to changes in the overall level of spending, and that responsiveness depends in turn upon the flexibility of the existing arrangements and practices for setting prices and costs. The more unresponsive price and cost increases are to a moderation of spending pressures in the economy, the lower the level of activity must be for inflation to subside. Thus anything that can be done to make prices and costs more sensitive to a moderation of spending pressures is very desirable because it will reduce the adverse short-run impact of anti-inflation policy on real output and employment. Indeed a country that depends heavily on market-oriented policies such as monetary and fiscal policies has an obligation to concern itself with how well its markets work.

What are the factors that tend to make cost and price increases unresponsive to a slower growth rate of total spending? There are many such factors. The one that I would put at the top of the list is expectations of future inflation. Strong inflationary expectations reduce the responsiveness of price and cost increases to slowing growth of the overall level of spending and thereby reduce the level of output and employment unnecessarily during the transition to lower inflation. That's why the need to grapple with inflationary expectations is such an important aspect of anti-inflation policy. That is why it is so important that public policy, including monetary policy, be firmly committed, and be seen to be firmly committed, to reducing the rate of inflation.

There are other factors that also reduce the sensitivity of prices and costs to a moderating trend of total spending. There are sectors of the economy that public policies have largely insulated from market discipline and other sectors where in practice free and keen competition does not prevail. There is also the matter of general attitudes. There is the danger that we come to believe not only that everyone ought to be compensated for increases in consumer prices, but also that we are all entitled to a better standard of living whether or not it is earned. The fact is that this year the Canadian economy is not producing enough to maintain average real incomes per capita, let alone provide for an increase.

Because in practice the use of monetary policy to moderate excessive spending pressure in the economy involves a temporary slowing of the growth of output and employment, some observers feel that the cost is simply too high to accept and they therefore ask the question: Why does the Bank of Canada persist in its present policy? Sometimes the question is put another way: Why doesn't the bank bring down interest rates? In either form, what the question must mean is, why doesn't the Bank of Canada permit more rapid monetary expansion and thus more rapid inflation? I believe that many who ask this question do sincerely wish to see inflation controlled, so that in asking it they give evidence of a certain amount of confusion about what is involved.

I say confusion because the fact is that no strategy for dealing with inflation will succeed unless it is well supported by firm and continuing control of the rate of monetary expansion. That proposition is as well established as any general proposition in the whole field of economics, and its acceptance is a basic requirement for any useful debate on how to control inflation. It should not be stretched, however, to include the idea that controlling monetary expansion can by itself deal with inflation in a way that ensures good all-round economic performance. That is not a claim that the Bank of Canada has ever made. Other policies and arrangements in the economy are also very important. The essential point here is that no matter what measures are adopted in areas such as fiscal policy, or what have come to be called supply-side policies, or even in the unusual case of price and income controls, a key element that must be included in any combination of measures for achieving good economic performance is the avoidance of excessive monetary expansion.

Although I believe that this view about what a central bank should do to control inflation is unassailable, I readily acknowledge that there is room for differing views about the details of monetary policy within this broad framework. I want to discuss this matter but since this is a question-and-answer format I must first find a question with which to begin. One that will serve the purpose and has in fact been asked is: Are the bank's policies based on oversimplistic monetarist theories?

There does seem to be an impression around that a few years ago some of us in the Bank of Canada were struck down on the road to inflation by a blinding light — the word "blinding" is sometimes emphasized — and experienced a sudden conversion to a new far-out religion called monetarism. I have to confess that I was there at the time and that nothing quite so dramatic happened. It is true that we had not been satisfied with the past operation of monetary policy and that we were looking for ways to improve it. It is also true that we have adopted monetary targets to help us in keeping the trend rate of monetary expansion within prudent limits. Monetary targets were adopted because our research work revealed a reasonably systematic relationship in Canada between the trend of M1, a measure of the money supply narrowly defined to include currency and demand deposits, and the trend of overall spending in the economy. The use of monetary targets necessarily involves formulating monetary policy with a view to a medium-term time horizon. Adopting this approach therefore meant acknowledging that the time lags between monetary policy actions and their effects on the economy are too long to make it sensible to respond to every short-term fluctuation in economic activity. This was also an important element of change in our approach to the conduct of policy. But that is about all that was involved in our conversion. I assure you that we do not look at the trend of monetary expansion in isolation and that we continue as before to make use of any available indicator in continuously assessing our policy.

I suppose that our adoption of monetary targets made it inevitable that we would be described as monetarists. I was first called a monetarist after a speech I made in 1975 in which, after noting that it was very much in the public interest that the drift into deepening inflation in Canada be halted and reversed, I went on to say that, "Whatever else may need to be done to bring inflation under control, it is absolutely essential to keep the rate of monetary expansion within reasonable limits. Any program that did not include this policy would be doomed to failure. There is no way of preserving its value if money is created on an excessive scale." That, you will have noted, is very much what I have said again today. I continue to believe it. Does that make one a "monetarist"? If it does, there must be few among us who are not "monetarists" these days. But at times the "monetarist" label seems to be used to mean something else. Next time you see or hear the word "monetarist" used, ask yourself what the user means. Beware of the use of labels: the world of ideas about economic policy is not as sharply divided between monetarists and Keynesians as you may sometimes be invited to believe.

The Bank of Canada does not follow an entirely rigid money supply policy. Not only is our target band relatively wide but we would in fact be prepared to see the money supply move outside the band for a while if we believed that there were good and sufficient economic reasons for doing so, in which case we would feel obliged to explain the reasons. Moreover, within the broad framework set by our monetary targets we see no reason not to give some weight in the short-run to resisting unwelcome developments in the foreign exchange market and to moderating extreme movements in domestic money market interest rates. Over the longer run, movements in the exchange value of the Canadian dollar need to be consistent with the achievement of our monetary targets, but in the short-run we do not feel that we should be precluded from resisting movements that threaten to make the subsequent achievement of those targets more difficult. In certain circumstances, for example, a significant decline in the exchange value of the Canadian dollar brought about by unusual interest rate relationships between Canada and the United States would not only add almost immediately to the upward pressure on prices and spending but would, before long, also threaten to put increased upward pressure as well on negotiated wage settlements and thus on our ongoing costs of production. I know that some monetary theorists are uneasy about remarks like this, believing that the trouble with central banks is that they try to ride three horses at once — the money supply horse, the exchange rate horse and the interest rate horse. It would be easier to agree with them if the money supply always closely followed a highly predictable course but since in its relationship to total spending it tends to wander a bit at times from one side of the track to the other I don't think it a bad idea at least in the short-run to keep a weather eye on those other horses as well.

The battle against inflation is never easy. It has not been easy over the five years during which we have been pursuing monetary targets, and I confess that I am somewhat disappointed with the results to date. I am quite clear in my own mind, nevertheless, that the results would have been even more disappointing if we had allowed even more monetary expansion to take place than we in fact did. In retrospect, given some of the largely unpredictable economic and financial developments that occurred over that period, it might have been better if the moderation of excessively rapid growth since 1975 had been less gradual so that the moderating effect on inflation would have been greater. The fact is, however, that the rate of monetary expansion is now very much less than it was five years ago and I believe monetary policy will have a stronger impact on the trend of total spending and hence on our inflation rate in the period ahead than in the recent past.

It is my basic conviction that a central bank should achieve and maintain firm control over the rate of monetary expansion and that it should muster the patience and resolution to proceed in that way for as long as may be necessary.

A lot of patience will be required. The world economy is highly inflationary and beset with many problems, including the dangerous situation in the Middle East and the serious problems of payments imbalances among countries resulting from the last oil price shock. There are some inevitable price increases ahead that we must absorb without a further lasting escalation of our overall inflation rate. These seem likely to include food price increases for the next year or so and energy price increases for years to come.

It is clear that the battle against inflation cannot be won quickly and this brings me to my final question: Will the Bank of Canada be able to muster the patience and resolution to stay the course? The answer is that it has no other choice. It is not free to give up the fight because that would violate the mandate given to it in the Bank of Canada Act by Parliament "to regulate credit and currency in the best interests of the economic life of the nation." That is our duty, and that is what we intend to do.

The thanks of the club were expressed to Mr. Bouey by Joseph H. Potts, a Past President of The Empire Club of Canada.

NOVEMBER 20, 1980

Baseball Today and Tomorrow

AN ADDRESS BY Bowie Kuhn,
COMMISSIONER OF BASEBALL

CHAIRMAN The President,
Reginald Stackhouse

DR. STACKHOUSE:

Ladies and gentlemen: So many baseball games have been won in the ninth inning that this unpredictability of the sport has inspired the saying: "It ain't over 'til it's over."

That could be said about baseball itself because in the late sixties there were many convinced that baseball's future was behind it, that it had little to feed on but memories of a past that was glorious but still past. Gone seemed the days when Sinclair Lewis in the 1920s could write about George Babbitt thinking there were some "objects which had an eternal importance, like baseball and the Republican Party."

By 1980 it is clear that, if both once seemed dead, both have since had a resurrection. In the past ten years, baseball has demonstrated it has the secret of perpetual youth — namely, the capacity to renew oneself. One change after another has been made — changes like expansion of the major leagues, televising regular season games, playing the World Series in prime TV time, and player free agency.

After years of decline, attendance has increased, new records have been set, and once again the World Series seems the only thing that really matters for two tension-packed weeks each autumn.

As in most human activities, much of this has been due to leadership, especially that of our distinguished guest of honour today, Mr. Bowie Kuhn, Commissioner of Baseball.

In that office since 1969, he has had general charge of co-ordinating the two major leagues as well as other dimensions of the vast and complex network known as professional baseball. The office of commissioner has been vital to the sport since 1919 when, following the bribery scandal of that year's World Series, the leadership of the first commissioner, Judge Kenesaw Mountain Landis, was credited with restoring public confidence.

Fifty years later, a crisis no less serious challenged baseball and once again it turned to a commissioner. Mr. Kuhn's appointment was both logical and fortunate. A baseball enthusiast since childhood, he worked as a scoreboard boy for the Washington Senators, for the great sum of a dollar a game and free admission. After higher education at Princeton University and the University of Virginia, he entered the law, but significantly devoted nineteen years of his practice to serving the National League.

The owners of both major leagues knew him to be a skilled negotiator. They soon discovered he was more — a leader with courage to take hard decisions, with imagination to develop new ideas, and the ability to communicate with press and public.

Of the many changes that have come about in these years of Bowie Kuhn, none has been more important for Toronto area fans than expansion. But we look forward to one more great innovation. Past performance notwithstanding, we look forward to an All-Canadian World Series between the Expos and the Blue Jays.

It is a great pleasure therefore to begin the march towards that goal by having Mr. Bowie Kuhn with us today, and to say now: "Mr. Commissioner, you're up!"

MR. KUHN:

Dr. Stackhouse, members of the Empire Club and friends of baseball: I am delighted and honoured to be the guest of the most distinguished Empire Club of Canada. I believe that this is the first time that any of the five Commissioners of Baseball has ever been given this marvellous rostrum to come and speak to our friends in Canada.

I must say, I am impressed by the diversity of some of the two thousand speakers over the years. I see personalities as fascinatingly different as Gene Tunney, Jan Smuts and Rose Kennedy, and I am very happy to join in that group.

I am also fascinated to note that The Empire Club of Canada was founded in 1903. Those of you who are baseball historians will know that we hold that date in common because in that year the very first World Series was played. So the Empire Club and the World Series have equal longevity and, I would say, distinction — as I look with admiration at the record of both.

To come to the subject of today — the title I gave was "Baseball Today and Tomorrow." Since that truly pedestrian title is of my own creation, I feel free to wander away from it and to talk about the past. But since the past is said to be prologue to the future, I guess I can still hit the mark.

In this particular, I am reminded of our All-Star game in Los Angeles a couple of years ago. The big All-Star lunch on the day of the game is a very gala affair, with all kinds of celebrities — governors, mayors, leading figures from sports and entertainment all show up. We usually have a humorist, and the humorist that day was one of my personal favourites, Jonathan Winters, who does marvellous humour about baseball — which I won't attempt here, although I have been known in private to do it!

Jonathan Winters arrived early for the little reception that is held first, and he drew my wife Louise and I off into a corner. He said that as he sometimes got carried away and perhaps stepped on a few people's toes, maybe we could take five minutes while he ran through his act with us, so that we could tell him if it was okay. So he ran through it and it was side-splitting. We could hardly listen, we were laughing so hard. When he was through, I told him everything was all right, that there wasn't a thing in it for him to be concerned about.

So when the time came for him to get up at the luncheon, he gave his talk and not one word that he had said to us appeared! Jonathan is a man who you just turn on and it comes rolling out. Whatever the stream of consciousness that is running through his head is what you hear. He is something.

I asked your distinguished president if he had some ideas of what I might talk about in terms of baseball today and tomorrow, and he said that he would be interested to hear some comments about the effect of baseball on society. Now you know why your president is such a distinguished educator — because he asked me to talk on such an erudite subject. But I am going to try to oblige, because I am fascinated by a subject that I hope will interest you, and that is the impact that baseball has on language.

Stopping there for a moment to be just a little more discursively historical — the game of baseball is said to have been invented by a fellow named Abner Doubleday in 1839 in Cooperstown, New York. It is possible that he had a ball and a bat, but it is thought by many to be more legendary than actual that Abner himself invented it. Indeed, Abner comes down to us in history, insofar as it can be documented, more as a rather distinguished Union general in the Civil War than as the man who was involved in the legend which is known in that area as "the legend of Fly Creek."

The origins of baseball plainly trace back to England, to the English game of rounders. One can look back to the nomenclature of the game of rounders and find many of the current words: bat, hit, strike, plate, foul, field, team, mound — all were part of the game of rounders as it was played virtually in mediaeval times in England. It came to this continent with the first settlers. It was played in New England, where in time it came to be known as town ball. Ultimately, in 1845, a very inventive fellow named Alexander Cartwright set down some rules. And that was really the most important happening in the early history of baseball. He set down the ninety feet, which may be the most distinctive thing about baseball, and which distinguished it from rounders.

In any event, the language is fascinating. If you read Mencken's *American Language*, you will find a large section on the impact of baseball — how it has contributed in terms of descriptive words and metaphors to our language. For example, we call something we like a "hit." The man who fails has "struck out," or at best, "doesn't get to first base." A person who is wrong or indiscreet is "way off base." When we are unprepared, we are "caught out in left field." Our salesmen in industry make "pitches." When we understand a situation, we "get the pitch," otherwise we don't "catch." The opponent in an argument who makes an extreme statement to retrieve a lost point is "really reaching for it." An unfortunate mistake is a "real blooper." A person who behaves eccentrically is a "screwball." When we refuse to get discouraged, it is because we'll "get our innings." If you are getting pressure from both sides, you are the victim of a "squeeze play." Until you get going, you're just "warming up," and after that, you're "right in there, pitching." When you cover every contingency, you "touch all the bases." When you compete outside your class, you are "not in the same league." A man who is ready to co-operate is "willing to play ball with

EMPIRE CLUB

Bowie Kuhn,
Commissioner
of Baseball

us." The fellow who operates against big handicaps has "two strikes against him," and someone who does something purely for effect is "making a grandstand play." A person who tries to refuse an invitation gracefully asks for "a rain check." When you understand quickly, you "get it right off the bat," and when someone asks you an embarrassing question, he has "thrown you a curve." An accurate statement is "right down the middle." When success is assured, you are "home free." When you are alert, you are "on the ball." When you defend someone, you "go to bat for him," and a person who is responsible for a project has his associates "back of his play," and all of that is "team work."

Nobody would understand all of that better than a man who used to be known in his youth as Dutch Reagan, a one-time sportscaster of the Chicago White Sox games, who today, as President-elect of the United

States of America, hopes to maintain a "high batting average" in office and to make a "hit" as President.

Baseball has contributed mightily in terms of secondary meanings. These phrases, like "make a hit" or "strike out" are used in every conversation without even thinking about baseball, which I guess is one of the most fundamental definitions of secondary meaning. And through the likes of Dizzy Dean, and many others, with his battered syntax and malapropisms, baseball has contributed a lot of slang to the language which has been one of the charms of the game. Read Ring Lardner if you want to see the effective use of baseball slang in great storytelling.

But I have noticed, however, a modern trend in a different direction. On the plane, coming up, I picked up something that I want to present to you because it catches that point perfectly. Russell Baker, the columnist of *The New York Times*, has been giving this whole thing some thought, and he is disturbed by a tendency he sees, that the language of the game is starting to get respectable. For instance, in the old days we used to talk about how fast a pitcher could throw. Now we talk about his "velocity." We used to talk about a pitcher being wild — now we talk about his "lack of location." Russell Baker says:

> Until quite recently, the language spoken by baseball's practitioners and hangers-on crackled with terseness, vibrancy and metaphor. Now, it is becoming as arid as the tongue of a federal bureaucrat and shows alarming signs of drift toward the mumbo-jumbo jabber of sociology.
>
> Why baseball American should be so impoverished at the moment when the sport is flourishing as never before is anyone's guess. Mine is that it is going through a period of highbrow pretension, brought on perhaps by the hordes of collegemen cluttering up the locker rooms,

> and the advent of highfalutin sports writers too self-conscious about their master's degrees in creative writing to risk playing a kid's game at the typewriter. It is enough to make a man pine for Dizzy Dean, who having been struck in the foot by a batted ball waited on the mound while a doctor examined him.
>
> "This toe is fractured," the doctor said.
>
> To which Dean replied, "Fractured, hell! The damned thing's broken!"

Baseball has had a mighty impact on our language, and that's not going to change very much.

Now I want to digress to say a word about something very dear to me — the Canadian franchises. I remember in 1968, when my firm represented the National League and I was privileged to sit in on the expansion meeting of the National League. There was an application on the table from Montreal and that was the first thing put to vote. Bingo! It went through without a dissenting vote. I think it surprised some people that it went through so easily because there were a lot of fine cities applying.

Then they began to consider and argue over who else there would be, and I sat there thinking, "Where, oh where, is Toronto?" What a perfect match it would have been for the National League to have had Montreal and Toronto together. But all we had at that time was a letter from an official in Toronto, I don't remember who, saying that if there was any interest in the National League in Toronto, to please let him have further details. Well, the League was not in the mood to go through that sort of procedure!

I have often thought back to that day, particularly as Toronto came in later with such success, and thought how history might have been a bit different had something been working here in Toronto at that time. The National League was then so interested in Canada, that had Toronto come through with a strong bid they might well have got in at that time.

But things have turned out happily for Toronto. Obviously, Montreal has done very well. They have been in the pennant race the last two years. They have averaged over two million people the last two years. But today, I am a little more interested in those Blue Jays, because although the Blue Jays did not have a spot in the standing last year that you could call exciting (unless you like to see the standings upside down), some very significant things happened to the Blue Jays last year. And from the professional point of view, that is what you look at.

The Blue Jays won fourteen more games last year than they did the year before. That is a big gain in wins. In fact, only three teams in the major leagues exceeded that gain of the Blue Jays. It was a significant development, and portends well for the future of the Blue Jays.

More important than that, and more important than seeing the Blue Jays in first place on May 10 last year (I'll never forget that — it just didn't seem possible), the organization, the ownership, behind the Blue Jays has structured well here. With Peter Bavasi they brought in one of the brightest young executives in the game, and the system he has put into effect is a sound kind of system. It is a building kind of system and you can be sure that the fourteen-win gain last year is a product of the kind of structure that he is building here which is going to be very productive in the future.

And then I look at the attendance in these four years and I see six million people for this young franchise, which has obviously had to struggle in those years. And I say that's impressive. Isn't it too bad that somebody didn't get here earlier! But I am happy that we're here in Toronto and I have boundless optimism about the future of this franchise, about what it is going to be and the kind of support it is going to get from this great metropolis of Toronto.

I will now turn to another subject, the subject of baseball's ability to unite geographical areas. That may seem a little out of the way for a boy's game, a child's game, which may not seem all that important to some. And yet, properly viewed, baseball has had an enormous impact on the political scene where it has been played.

For instance, 1968 was a bad year for racial disturbances in the United States. Cities were burning. One city which, at a certain point, managed to put out the fires and gather itself together and get away from the horror that was shocking everyone was the city of Detroit. In that year, the Tigers were making a run on the pennant. Mickey Lolich was one of their great pitchers, of whom, perhaps, more later. The politicians of the city said that nothing could have saved Detroit in 1968, the feelings were so bad, except for the impact of the Tigers and how they pulled things together. It quieted things down, brought blacks and whites together, and they were able to watch in some kind of unity as the Tigers went down and won that pennant, pulling the series out with three wins by Lolich.

The same thing happened in San Francisco in 1971. The Giants were having one of their good years, but the city was having tremendous problems. They asked Willie Mays, the great vibrant star of the Giants, to go on television and plead with the people of the city to pay more attention to something like baseball and to forget the hatred that was dividing the races in San Francisco. And there was the same magical effect. The city quieted down, and the people turned their attention to the Giants, away from acrimony, and the day was saved. The politicians there will also tell you about the tremendous impact that baseball had at that time.

Of course, one of the earliest events was the 1942 pre-season point when Franklin Roosevelt said that he wanted baseball to continue. This was just a month after Pearl Harbor. None of the people in baseball was sure that it would be permitted to go on until F.D.R. wrote his famous "green-light" letter, in which he said:

> The people ought to have a chance to have recreation to take their minds off their work. Baseball provides a recreation. I believe it best for the country to keep baseball going.

Baseball hearts glowed all over the land. And baseball did keep going and the reason was very plain. Roosevelt saw that baseball could do something for the country in its time of need, so baseball continued all through the war. It was not at a very high level of performance, as you will remember if you watched it, but we played it.

And I think another thing which dramatically illustrates the ability of baseball to pull people together is, as Dr. Stackhouse mentioned, the World Series. Take this year in the United States and Canada. I cannot give you an absolutely precise number, but we know more than 150 million people followed the World Series on television. That is two-thirds of the population, which is awesome! Nothing else generates that, day after day. It is an absolutely stunning achievement. And it is a great unifier in terms of the happy relations that exist between the United States and Canada. I hope we can anticipate again such great baseball as the Philies and Kansas City gave us this year in all the decades ahead.

There are a lot of forces at work in baseball which give joy, and there are also forces at work which are known to discombobulate commissioners. May I tell you about one of those? Anyone who knows me will know that I am about to get into what is known in baseball circles as "the Charlie and Bowie show." If you don't know what that is, I'll tell you.

Charlie, in baseball, is Charlie Finley, and Bowie is me. It has been rumoured that we were not friends. In his better moments, Charlie did things like suggesting that we cut the number of balls to make a walk from four to three, and the number of strikes for a strike-out from three to two. Charlie is a great believer in orange baseballs. Charlie was the man who called the Commissioner a village idiot when he said he couldn't sell off all his stars for cash. Then, because he didn't think he had quite the right tone, he changed that to "the nation's idiot."

Dear Charlie is the kind of man who tells stories. For instance, two years ago when I went to Japan, he called some people together and he said: "I have good news and bad news. The good news is that our dear Commissioner has gone to Japan. The bad news is that he's got a round-trip ticket."

Well, I am happy to report to you, and I am sure you won't think me mean or petty for telling you this, that on midnight on Thursday, November 6, Charlie's ownership of the Oakland Athletics ceased — without a return ticket.

There are other forces in the game which lend spice. For instance, this happened just in this past season. It doesn't happen too often, but it does every now and then. There was a batting order problem with the Dodgers. Dusty Baker grounded out and a run scored. Then the fun started. Philadelphia pointed out, correctly, that Ron Say should have batted, not Baker. After a heated argument, Say was called "out." This was correct. He should have batted and didn't. Baker, therefore, with the Philies succeeding in their argument, was permitted to return to home plate, where he hit a three-run homer to win the game!

But my personal favourite happened in Philadelphia in 1978. I don't know why Philadelphia gets mixed up in all of these. The Mets were in Philadelphia, playing the Philies, and Lenny Randle is at bat for the Mets. It's ball four. Normally, in the game of baseball — if you understand the rules — when the umpire says "ball four" the batter puts his bat down, throws his helmet away and walks down to first base. Not Randle. He's still standing there at home plate with his bat on his shoulder. And also, normally, when anything like that happens, the umpire would say, "Son, you know, with four balls you go down to first base." Or maybe his manager would come out and say, "We like to get men on base. You'd better go down and take it."

But that didn't happen. The next thing you know, the pitcher from Philadelphia winds up and throws the rarest of all baseball pitches, the old four-and-two pitch. And Randle hit it for a triple!

I got a letter the other day which I want to share with you. It shows you that baseball is very provocative — a great debating society. It's full of controversy, and that's part of its charm, although that doesn't always charm commissioners.

This letter came from a lady who obviously thinks we are very wicked people, and that I in particular am a very wicked man, some sort of white-collar criminal. She wrote this letter to the Attorney General of the United States, and she says:

> You will see from the enclosed copy of my letter of May 23, 1980, to *The Los Angeles Times*, that organized baseball may subliminally be teaching people in general, as well as children in public schools, how to transfer and project the presently creditable art of stealing bases into stealing in countless other ways. Such teaching therefore could be (1) why baseball is so popular with so many people;

> (2) why the media give baseball and its personages coverage out of all proportion to that given anyone else in our society; and (3) why many persons of larcenous nature seemingly seek repeated game-watching reinforcement of their conscious or unconscious thoughts. If baseball can aid and abet stealing bases, then stealing is or should be sanctioned by society. But the art of stealing bases seemingly causes the unwary to fall into a monopolistic trap set by organized baseball. Note that here I am dealing with organized baseball only because it sets the rules for others to follow.
>
> Commissioner Bowie Kuhn may be heading a monopoly created to control the production and distribution of commodities, the exclusion of competition. To the best of my knowledge, no other sport, industry or profession overtly espouses the art of stealing anything.
>
> May I have your response and any legal opinions related thereto indicating how your department is acting in this matter. Very truly yours.

I have never seen a response from the distinguished Attorney General to that letter. But I do have one other little letter that I am going to read to you. It is very personal, and falls into what I call "the department of undeserved credit."

> Dear Mr. Bowie Kuhn:
>
> I admire you and your contribution to baseball. Even though I wasn't alive to see you play, I have read books about how great you were. Could you send me an autographed picture? Thank you.

You can believe that boy got a picture!

I have one last story that I want to end up with. I have a hard time telling this story, because I find it very touching.

One of the things that your president suggested that I might talk about is the contribution that players make to society. I found this story in a newspaper article in *The New York Post* a couple of years ago. It is in the department known as "baseball can bring tears to your eyes." It's about that very same Mickey Lolich I was telling you about a minute ago, who was the pitcher for the Tigers in the 1968 series.

One of the things about Mickey that everybody always remembers is that he looks like a bartender. He is a fat guy with a beautiful big beer belly. He and Al Kaline, the great Tiger Hall-of-Famer, were running a baseball camp called Camp Huron, near Detroit. There were a lot of kids in the camp.

The story picks up with Lolich talking.

> I couldn't believe my eyes when I met this boy, Vincent Waters. When I saw him for the first time he was fourteen years old, a fat, black kid, about 240 pounds, about five feet ten, mentally retarded, with difficulty in walking and talking. He couldn't do anything right. He put his T-shirt on backwards. He couldn't put a key in a locker door. He couldn't hold a baseball or catch it. The other kids made fun of him, treated him terrible. It was impossible to watch. Kaline suggested that he should be sent home for his own good. One of our partners, Bob Fenton, was instructed to call Vincent's mother and have her take him home. The money would be completely refunded.
>
> Fenton made the call. The mother said, "I'm on welfare. I've scraped and saved all my life to send Vincent to camp. His father left us

when he was born. All his life, Vincent has only cared about the Tigers. He idolizes Mr. Kaline and Mr. Lolich. He will sit in front of the television with his Tiger hat and his glove. Couldn't he just stay around, maybe, just to be near Mr. Kaline and Mr. Lolich?"

When Fenton told Lolich and Kaline this story, they decided to try again, said Lolich.

"Al took him behind the field, away from the other boys, and threw baseballs with him. Soon he was able to make contact with the bat. The other kids began to understand. We asked them to help. They took him to the pool — he couldn't swim — but they watched out for him. They began inviting him into the kids' games.

"The second week of camp, Vince was given a uniform and allowed to sit on the bench. In one game, the score was tied and Vince was sent out as a pinch hitter.

"I do all the pitching in these games, so the kids can say they hit against a Big Leaguer. I lob it in and they have fun. Vince came up and I lobbed it in. He missed the first pitch. Then he missed the second. When he missed the third, I called it a foul ball. Then he did the same on the fourth and fifth and sixth. On the seventh, the ball hit the bat and dribbled out to the short stop. The short stop, a twelve-year-old kid who understood, picked up the ball and hung around with it. He held it in his glove, took a couple of steps, and finally threw it to first.

"The umpire yelled, 'Safe!' and both teams leaped all over Vince to congratulate him.

> "At the end of that week, a banquet was held. Awards were given to the kids for most valuable player, best hitter, and all that. When I announced Vince Waters as the most improved player, the building rocked.
>
> "Vince walked up to the microphone, stammered a little, and said, 'Can I say something, please?' He didn't talk very clearly, but we all heard him say 'I want to thank my mother, and my girl friend, and Mr. Kaline and Mr. Lolich for the greatest week of my life.' Then he turned around and gave me and Al a giant bear hug."
>
> "When I saw how much they had done for my boy," his mother said, "I couldn't thank them enough. They saved his life. They made him somebody."
>
> "I've been in baseball twenty years," said Lolich. "I think that was the most exciting thing that ever happened to me."

And the writer concludes, "The fat guy with the beer belly walked into the trainer's room. He needed a towel, because the tears were streaming down his face."

Thank you very much.

The thanks of the club were expressed to Mr. Kuhn by Charles C. Hoffman, a Director of The Empire Club of Canada.

NOVEMBER 27, 1980

Canada: A British Columbia Perspective

AN ADDRESS BY The Honourable Gardé Gardom,
MINISTER OF INTERGOVERNMENTAL RELATIONS, PROVINCE OF BRITISH COLUMBIA

CHAIRMAN The President,
Reginald Stackhouse

DR. STACKHOUSE:

Ladies and gentlemen: Meeting in the Imperial Room does have a certain aptness for an organization called the Empire Club. As well, our theme today has an imperial ring because our eyes are shifted westward to what is impressing even the most myopic easterner as a new empire.

British Columbia has often been called "tomorrow country" but in recent years it has become today's country, a province where opportunity is not just a promise, and achievement is not just a memory. We had, therefore, looked forward to welcoming the Honourable William Bennett, the distinguished Premier of British Columbia, but he is at this hour performing an unavoidable duty of representing his province at the state funeral for the late former Governor General, the Right Honourable Jules Léger.

In his place, however, has come one of his senior colleagues in the British Columbia government, the Hon. Gardé Gardom, Minister of Intergovernmental Relations. So complex and extensive have become the relationships and interactions between a provincial government and its federal counterpart, as well as between a province and its municipalities, that the larger provinces of Canada have in recent years developed ministries devoted to this large and challenging field. In the Canada of today there can scarcely be a more vital dimension of government, and the Empire Club is privileged to have this opportunity of hearing an experienced and expert leader on this subject.

A native of Alberta, Mr. Gardom received his higher education in his adopted province, receiving the degrees of Bachelor of Arts and Bachelor of Laws from the University of British Columbia. He practised law in British Columbia and was elected to the provincial legislature for 1966 for the riding of Vancouver-Point Grey. The confidence his constituents have in him has been demonstrated by his being returned in every election since then.

MR. GARDOM:

Ladies and gentlemen: First, I would like to thank the Empire Club for this opportunity to speak to you this noon. Premier Bennett, who was to be here, is in our capital to pay his last respects, on behalf of the people of British Columbia and our government, to the Right Honourable Jules Léger, a courageous man and a prestigious Canadian whose passing certainly leaves our nation a little poorer. I am sure all of you will associate with me in an expression of both sorrow at this great loss to our country and of our most sincere sympathy to his family and his many, many friends.

I, on behalf of my premier, would like to take these few moments to tell you about British Columbia's view of the constitutional turmoil that currently besets our country. There is no question that because of it and because of our economic dilemma we are now facing some very critical times in our history.

This September we were as close as we have ever been to substantial constitutional reform, yet the capacity to fully and fairly realize that opportunity became lost. Lost because of the imposition of an unrealistic and unworkable timetable. Lost because of the lack of success at the First Ministers' meetings in September. Lost because of a process that did not adapt itself to the possibilities of reasonable compromise and accommodation.

And what's the present result? Regrettable feelings, exacerbated rhetoric, separatist sentiments, unilateral federal activity, with a discordant emphasis upon imposed solutions instead of better utilizing our collective Canadian energies to address the more serious and ever-increasing problems of the day — wildly mounting deficits, double-digit inflation, depreciating dollars, burgeoning national unemployment, staggering bureaucracies, a spreading housing crisis, interest rates again blowing the Richter scale and a letter taking about two weeks to cross town.

But remember it was only six months ago when all Canadians urged Quebec to stay with us at the table of Confederation, and in turn, led by the federal government, promised Quebec, and all other provinces for that matter, substantial constitutional reform. Will the federal package produce that? The answer has to be purely, simply and unequivocally "no."

We are proud of our country — we want to make it work. That is the commitment of the province I represent. And we are completely opposed to separation — be it east, west, central or centrifugal separation. The government of British Columbia is today, was yesterday, and will be tomorrow for one strong and for one united Canada and so all of us should be. For as our premier said in Montreal during the time of the sovereignty association issue:

> On the world balance sheet, visible and invisible, our assets as a country far exceed our liabilities despite all of our mistakes and troubles. We inhabit the most fortunate of all countries.

The Honourable Gardé Gardom, Minister of Intergovernmental Relations, Province of British Columbia

Canada has to stay together. That is also the firm commitment of the province I represent. As our premier then also said:

> That we should declare the bankruptcy of a nation spanning a continent, that we should confess ourselves to be unworthy of the men and women who toiled and suffered and fought to build it strikes a westerner as madness and unthinkable. It denies the very nature of our breed, the lessons of our past and the splendid prospects of our future.

But today, six months after the Quebec Referendum, discontent in varying but increasing degrees exists across the whole of our great nation, from the Atlantic to the Pacific. That is sad, that is unnecessary, but it is regrettably nonetheless a fact.

There is more than one cause — the quavering economic performance I mentioned earlier, the elective imbalance on the national scale, the constitutional issue and the amazing degree of federal emphasis upon it.

Re the latter: We have existed for one hundred and thirteen years under our constitution — it is of good stuff — with co-operation and flexibility we could probably go for another hundred and thirteen years. But if we are going to change it, let's do it the right way, do it the Canadian way and do it properly.

What has happened? Here's a quick rundown.

On the eighth of June, the Prime Minister and the premiers handed down for consideration twelve items of constitutional reform. Extensive, in-depth and searching meetings were held right across the country. It was an intensive process. A lot of consensus and a lot of agreement was arrived at on all matters. More could have been developed had the timetable been extended by even a month, but that was denied.

The will was there. There was understanding, there was agreement . . . even for a formula for amending the constitution, subject to some qualification and the rounding off of some rough edges. That formula was known as the "Vancouver Accord."

But that accord was not heeded by the federal administration, and the heretofore accepted Canadian conventions, practices, and in our view, appropriate legal routes were abandoned, culminating in the federal government introducing its own material into the House of Commons, which incorporates intrusions into the historic, practised and accepted division of powers between the federal government and the provinces of our country, and also purports to impose the federal government's own formulae for amendment.

That activity was unilateral as opposed to co-operative. It was and is increasingly discordant and contrary to the accepted concepts of Canadian federalism, and it comes from the one agency that all Canadians should be able to look toward and count upon as the wellspring of unity in our country.

These are legitimate concerns. They are being expressed right across the whole of our nation, and please let's not get caught up in the parlance so frequently used in central circles these days, that "it is just more Ottawa-bashing."

Those who express these concerns are just as much Canadian, just as much a part of Canada, and have just as much right and responsibility to express their points of view as those who disagree with them.

There are serious problems, they do exist, they can't be hidden under budgetary band-aids. They have to be recognized and most of all they have to be resolved.

What we have constantly said in British Columbia is let us return to the table, and let us try to agree as most of us feel we can. Surely as Canadians we have to do that.

In February of 1978 at the First Ministers' conference on the economy, our premier called for a more businesslike, planned approach to resolving the issues that faced us then. This month our premier called for a cooling-off period and a return to the economic and constitutional table, to resolve our constitutional difficulties and then get to the real problems which I've talked about — energy self-sufficiency, inflation, and unemployment. Also in 1978, our province put forward a comprehensive set of constitutional proposals. Our sole aim then was, and still is today, to enhance Canada and to make it a better place for all Canadians.

We believe that strong provinces make a strong Canada, and that a main part of Canada's true strength is in its being a true confederation, where that which can best be done locally is done locally, and that which can best be done federally is done federally.

We worked hard, we co-operated with all other governments to try to achieve a renewed federalism. But the record clearly shows that what we have run into is not co-operative federalism, but confrontative federalism, with unilateral time frames and unilaterally imposed terms and conditions for the amendment and patriation of our constitution, which is contrary to the concepts and spirit of both Canadian federalism and to the BNA Act.

If Canada is more than just the sum of its parts — and we believe this is by far the most shared view of our country — then surely this nation is more than the sum of just one perspective, or of one government timetable.

In a federal state, an amending procedure of its constitution reflects how powers are allocated and is the principal mechanism for changing such allocation, and it therefore resides at the very heart of a federal constitution. The answer that our country finds to the question of a constitutional amending formula will largely determine the kind of nation we have in the years ahead.

We know federalism is fragile by its nature. Its very strength is where it is also most vulnerable, for a belief in federalism implies a belief in diversity, which in turn reflects a source of its richness and strength. It also implies the acknowledgement of its separate parts, and demands that each respects the unique desires and needs of the others. When this respect suffers, trust is broken and the entire federal fabric can be placed in jeopardy, which brings us back to an amending formula — an issue most fundamental and far too important to short-circuit. More time resolving this has to be spent, and that would be time well spent.

As a mature nation, we must seek an agreement that will last into the future. We must, in all conscience, find such a consensus, one that has validity for all Canada, for all of our regions and for all of our people. Whereas the proposed alternative of federal action without provincial agreement is, in our view, contrary to Canadian practice and custom, contrary to Canadian convention and contrary to Canadian law. That view is shared by many across the whole of the country and by at least six provincial governments.

Throughout our history a number of strong points have been made about the federal and provincial roles on amendment. The common thread is that where federal and provincial powers and responsibilities are both involved, both federal consent and provincial consent are required for amendment.

For some examples, let me quote Prime Minister Pearson:

> It may be argued that a requirement of unanimity is too inflexible to be applied to the distribution of legislative powers, but this distribution is basic to the Canadian federation . . . the law has not said so, but the facts of national life have imposed the unanimity requirement, and experience since Confederation has established it as a convention that a government or Parliament would disregard at its peril.

To quote Arthur Meighen, when he was leader of the opposition:

> The common thread running through the federal-provincial conferences being that Canada should have a method of procedure to amend its own constitution without resource to the United Kingdom, provided that method was satisfactory to the Parliament of Canada and the provincial legislatures. This essential principle over fifty-three years of conferences,

> meetings and resolutions has itself become a constitutional convention.

To quote Sir Wilfrid Laurier:

> Confederation is a compact . . . it should be altered only for an adequate cause, and after the provinces themselves have had an opportunity to pass judgement on the same. . . . This house ought to hesitate in passing judgement until it has before it the views of all the provinces affected.

To quote Prime Minister Borden:

> But inasmuch as this is a federal compact which we are asked to vary, it is only right that each province should be consulted and its decision given, in the right of its separate entity.

Also, in 1965, the federal government stated in its own white paper on constitutional amendment that:

> The Canadian Parliament will not request an amendment directly affecting federal-provincial relations without prior consultation and agreement with the provinces.

As you can see, the theme is clear and dominant. Sovereignty in this country, under the federal democratic system which we enjoy, is not the private preserve of the federal government, but is divided between the two levels of government, and many parts of the federal proposal constitute infringements upon provincial legislative jurisdiction.

A reference is under way to the Manitoba Court of Appeal. I gather similar references will be made to the courts of appeal of Newfoundland and Quebec — in all of these cases at least six provinces will be addressing the issue that the legality of the federal position is in serious question.

Briefs are also being filed with the select standing committee on foreign affairs of the British Parliament which is receiving evidence on the legal and constitutional responsibilities of that parliament, its duties, procedures and juridical position.

It is regrettable that the Mother of Parliaments has to be drawn into a process which can be and should be resolved within our country. And without being presumptuous as to its conclusion, it surely will recognize that for years Canada has been a free, independent and sovereign nation.

But the British Parliament is now being put into an invidious position as the trustee of our constitutional heritage by the unilateral actions of the federal government. For as a trustee, the Parliament of the United Kingdom ought to ask if that which the federal government proposes affects existing provincial powers under the BNA Act.

If the answer is that it does, then the trustee parliament ought to ask the additional question: Is there provincial consent? In the absence of consent, an unprecedented abuse of power by the federal administration would be worked upon the Parliament of the United Kingdom, and they ought not to respond.

It is also not inappropriate to suggest that since the legality of the federally intended procedure is now being considered by the Canadian courts, it would create an additional dilemma for the United Kingdom to take any course on just the federal request which would require the United Kingdom to now make new laws to govern all Canadians. For, depending upon the outcome of the decisions of the matters now before the courts of Canada, any such new laws in themselves may be subject to later constitutional and legal challenge in our country.

From all of this, you can see why provinces are responding in the defence of our traditions.

From the outset we in British Columbia have favoured the return of our constitution. Some state that would merely be symbolic. I do not agree with the word "merely." It would be symbolism, but symbolism of the finest, and recognition that we have the will and the maturity to tend to our own affairs and to do that which has to be done, and right here in our own country.

And let's look at the act of patriation. Surely it should be accompanied by the pealing of bells and a time of rejoicing that will strengthen the bonds that unite and serve this great nation, rather than causing parliamentary and citizen unrest and requiring judicial test.

The time has come for an exercise in up-front, straightforward, no mystique, no frills Canadian negotiation, and a call to return to Canadian common sense. In short, let's get this thing back on track and properly on track.

The time has come for the Prime Minister to say he'll return to the table with all our Canadian premiers, to ask them for agreement forthwith that the constitution may return to our country at the request of the federal government and with consent of all of the ten provinces, and then to immediately start work upon the amending formula.

The premiers and the Prime Minister must agree, and I emphasize the word agree, upon a reasonable time frame to determine that formula. Let them also agree that if it is not then resolved that the constitution come to our country as it is and in its present form. But get it here where it belongs, with an on-going and firm commitment from the Government of Canada and all ten provincial governments to meet to develop a *modus operandi* for future constitutional change that can be agreed to.

By taking this route, at least we would be able to get our constitution home, the capacity to reach accord will be within the Canadian family where it should be, and our current disagreements may be dealt with within the Canadian family where they also belong.

This is the Canadian way to do this. I therefore most respectfully request, and indeed implore the Right Honourable the Prime Minister to do just that, in the interests of this great and noble land, and in the interests of all of us who live in it and love it.

The thanks of the club were expressed to Mr. Gardom by Peter Hermant, a Past President of The Empire Club of Canada.

DECEMBER 4, 1980

The Automotive Industry Meets its Biggest Challenge

AN ADDRESS BY F. Alan Smith,
PRESIDENT AND GENERAL MANAGER,
GENERAL MOTORS OF CANADA LIMITED

CHAIRMAN The President,
Reginald Stackhouse

DR. STACKHOUSE:

Ladies and gentlemen: For more than half a century, General Motors has been the tallest in a field of giants not only because it has been the world's largest producer of motor vehicles, but because it has what may be the world's most efficient corporate organization.

Some years ago, *Fortune* magazine studied the organizational charts, methods, and records of the world's largest corporate bodies, and concluded that at the top of them all had to be GM. According to *Fortune*, the next highest on the organizational pyramid was the Roman Catholic Church!

Of the many qualities that have made General Motors synonomous with effective administration, none has been more significant than the quality of its divisional leadership. The vast industrial empire, spread over thirty-five countries, is divided into largely autonomous units, each comparable to an ancient Persian satrapy.

Although this complex is held together by an efficient and absolute chief executive at the centre, there would be nothing to hold together were it not for the productive work of the divisional leadership.

When Alfred P. Sloan reorganized the company in 1923 he set forth these principles for policy making:

- The name of the game is not only to make good cars, but also to make money.
- Policy decisions should not be based on hunches, but on a constant search for the facts.
- Authority and responsibility should be decentralized.
- There should be a careful selection of all lieutenants.

Anyone appointed president of General Motors of Canada has therefore advanced through a challenging screening process, and The Empire Club of Canada is privileged today to be addressed by a person who has so clearly demonstrated his executive ability.

Mr. F. Alan Smith became president and general manager of General Motors of Canada Limited in 1978. His rise to this senior position came after many years of service with GM. He joined its management staff in 1956, following three years in the United States Navy, and higher education at Dartmouth College. He has spent his entire business career with this one company.

Active as GM is in so many countries, it stresses the importance of its staff serving whatever country the company is located in. Our speaker today is certainly practising that principle, being actively involved in Canadian community and business enterprises, such as the Board of Governors, Junior Achievement of Canada; the Advisory Committee, School of Business Administration, University of Western Ontario; the Business Council on National Issues; and the Financial Executives Institute.

Since coming to his presidency, Mr. Smith has had to face one of the most challenging periods in the auto industry's history, one that has affected not only his company and his city, but the whole vast network of related industries and communities.

In 1953 when he became Secretary of Defense, Charles Wilson is said to have told a United States Senate Committee that as president of GM, he had always reasoned that what was good for General Motors was also good for the country. "Engine Charlie" was widely criticized for that statement, but if he were to say it today, a generation later, he might not be. It has become clear that what is not good for the auto industry is certainly not good for the country, and as a public forum this club is privileged to hear a leader of this industry address us on a challenge that concerns us all.

Ladies and gentlemen, I am honoured to present Mr. F. Alan Smith.

MR. SMITH:

This is a great honour for me to address such a distinguished audience. It may relieve you to know, at the outset, that I didn't come today to sell you a General Motors car or truck. However, I would be delighted if each and every one of you would rush out after I finish and order one — or several. We appreciate having you as customers and we look forward to serving your needs in the future.

I have entitled my address "The Automotive Industry Meets its Biggest Challenge." I want to talk about the future and the promises which it holds. Society should be working to create the future — not just drifting into it.

In *Julius Caesar*, Shakespeare wrote: "There is a tide in the affairs of men, which, taken at the flood, leads on to fortune." Well, there's a tide running right now throughout the world and it behooves each of us to help shape the multiplying opportunities of tomorrow: not just for ourselves and our families, not just for our companies and their stockholders, not just for our provinces or our country, but for people everywhere.

Over the past decade, there has been a remarkable diffusion of economic power around the world. The petroleum needs of most countries are controlled by a handful of nations. Older industrialized nations have been struggling to retain their markets and to maintain their painstakingly developed manufacturing capacities. Newer nations — new to industry and new to world commerce — have been knocking on the door, demanding entry into the industrial club. The success which they have been enjoying in contesting the older establishment promises to continue, even accelerate, throughout this decade and beyond.

Most people in the industrialized world, likely most of us here today, have mixed feelings about these shifting trends. As more and more countries muster the determination and build the strength to enter the world marketplace, the increasing competition could become even more rough and tumble than it is today. Individual industries and particular groups could be seriously hurt. All of us can recite examples that have happened to Canadian manufacturers. While we should be concerned, vitally concerned, about reduced or lost markets, there is a positive side to consider. The view from the positive side is the tremendous opportunity to gain access for Canada to broader, wider and growing markets.

In reconciling these two seemingly conflicting viewpoints, I believe that we must work to make world trade as open and free as is possible while still helping our trading partners to advance their legitimate self-interest. Additional tariffs, quotas, local content laws and other forms of protectionism present a serious problem. They may seem attractive on a short-term basis, but they reduce efficiency, shrink markets, and invite retaliation. Instead of helping, they hurt the long-range needs. The greater the reduction in open world trade, the fewer the opportunities there are for growth in total world output and in the world economy.

All nations have the desire to control their own destinies. That's a basic theme. There is an equally basic need, one that is for all of us both as companies and as individuals, and that is to recognize our dependence on other nations and to contribute to an expanding world economy. That applies to us as a country as well.

We must remember as far as economic nationalism is concerned, no country today is fully self-sufficient, although Canada has the resources, with careful stewardship, to be highly self-sufficient. We all need each other, on a country-to-country basis, and on a region-to-region basis.

We must remember that the welfare of people in every nation and their aspirations for growth, with its attendant rise in quality of life and affluence, this wide human welfare, depends on the economic welfare of every country engaged in world trade — *every* country.

The phrase "world economy," I submit, can be defined only in terms of people, of human welfare, of human advancement. The extent that the growth of the world economy, reconciled with legitimate national goals, can be accelerated will be the measurement for finding the solutions to the terrible problems of world poverty and world starvation. We have been warned that six hundred million people are likely to be living in absolute poverty by the year 2000. That's a commanding challenge to each of us — as business people, as labour leaders, as government people, as farmers, as individuals. Let's accept the challenge and provide the necessary kind of leadership to solve the needs of the world's society. Writers, church leaders and volunteer groups such as the Red Cross cannot get the job done alone.

With the efficiency of today's communications, people everywhere are learning that conditions vary vastly in different parts of this world. They are begin-

F. Alan Smith, President and General Manager of General Motors of Canada Limited, with Club President Reginald Stackhouse.

ning to ask why their dismal conditions are so different from living conditions elsewhere. People who go to bed hungry every night can get desperate.

Thus, there is the further consideration of world peace. The history of this often-troubled planet teaches us clearly that good and responsible trading partners almost always make good and peaceful world neighbours. By helping the developing nations, it is reasonable to assume that they will be able to better care for their citizens and hopefully avoid internal strife that is so rampant in many nations.

With so much at stake — not only economics but peace and life itself — those of us engaged in world trade, as well as people who determine world trade policies, have a full agenda before us. Generations of people will be affected by the action taken on that agenda.

Governments, of course, have a critical role to play. But today I want to concentrate on what business can do. With your indulgence, I would like to use General Motors as my example as it is the one with which I am most familiar.

From its very beginning, GM has been an international company. Today, in addition to its plants in Canada and the United States, General Motors has assembly, manufacturing, distribution or warehousing operations in thirty-four other countries. In 1979, retail sales of GM vehicles overseas totalled 1.9 million cars and trucks. GM of Canada has been a long-time participant in the overseas business, in many earlier years having shipped vehicles to British Commonwealth countries under the then preferential tariffs. We still have an extensive export operation since GM of Canada has a responsibility to ship vehicles, mostly in unassembled form, to GM assembly plants around the world.

During the 1980 model year, we exported 453,000 vehicles to a variety of countries around the world. This included 372,000 vehicles exported to the United States under the provisions of the Auto Pact and 81,000 cars, trucks, buses, ambulances, and locomotives to overseas destinations. In addition, we exported $1.2 billion in component parts.

We also have been a net exporter of considerable talent to GM operations around the world. GM of Canada has supplied senior executive talent to our companies' operations in Korea, Venezuela, Brazil, Austria, Germany, England and, of course, the United States.

And what have we been doing right here in Canada? Well, with all the doom and gloom reports about the automotive industry, would it surprise you to learn that GM of Canada has just had its second best model year in history, with car deliveries within two per cent, and trucks within seven per cent of the 1979 record volumes?

However, our manufacturing operations did not escape unscathed, because of market conditions in the United States. Our indefinite layoffs peaked in May at 1,400 people. Since then, we have recalled over 1,200 employees and all of our assembly operations are operating at capacity rates.

Nevertheless, some people consider General Motors as part of a North American industry that is on the endangered species list — among the most threatened by world competition. We disagree, of course. We know that we are part of a growth industry. But, when we call for open and liberal world trade — as we consistently do — we hope that our apparent vulnerability will add weight and credibility to our stand against protectionism.

As worldwide as GM's business has been, we feel that we barely have started. The diffusion of world economic power has added to our determination to become more competitive overseas. Other factors that urge us forward are the rising incomes, aspirations and living standards of people in newly industrialized nations. These people want and need personal transportation and the flexibility of transporting goods by truck.

Rising gasoline prices and the concern about future petroleum availability in the decades ahead, along with rising consumer expectations about product quality, have combined to bring drastic changes to our industry and to the way we design, manufacture, sell and service our products. These forces have been leading to a growing similarity in the types of automobiles sold around the world — to smaller, lighter weight, more fuel-efficient vehicles.

The fact that consumer desires have changed and now place greater value on these types of vehicles will quickly become an asset. We have exciting new products coming on stream which will fill those consumer needs precisely — and with increasing volume over the years. We expect industry vehicle sales to increase to about 50 million units in the free world by 1990 from the 35 million volume of today.

General Motors is investing forty billion U.S. dollars by the end of 1984, $32 billion in North America and $8 billion overseas. That money is going to increase our capacities, it's going to increase our productivity and help us to achieve even higher quality levels. This prudent investment is going to bring about higher customer satisfaction that is the lifeblood of our business. A substantial part of this investment already is committed to Canada and we are bidding confidently for still more.

GM has earned an outstanding reputation for the reliability and durability of its products, for their corrosion resistance, safety innovations, ride and handling as well as other features. We now are putting added emphasis on fit and finish items. We believe that we can beat all competition, both overseas and domestic, in quality, in fuel economy, and in everything else that today's customers want in car and truck transportation, and we can match them in price for comparable products. Our technology, our employees, our facilities and our products are just as good, and in our opinion even better. Furthermore, we are increasing our lead with respect to each of these groupings.

As we fine-tune our facilities, our tooling and our product line to accommodate customers throughout the world, we are moving further toward the world car concept. To facilitate greater world-wide product integration, our cars are designed so that local mechanical components can be mixed and matched to fit the requirements of almost any local operation.

GM's first significant development of this idea was our T-car, better known in Canada as the Chevrolet Chevette and the Pontiac Acadian, that together have outsold all competitors in their class, foreign or domestic. Designed by GM's Opel operation in Germany, it went into production in Brazil, West Germany, the United Kingdom and the United States, followed by Japan, Australia, the Philippines, Chile and Korea.

A completely new front-wheel-drive version was introduced by Opel in 1979, with Vauxhall in the United Kingdom and GM in South Africa. This world car concept also is being implemented in a larger-size series of cars. The base car is the Opel Rekord sold in West Germany and throughout Europe as well as the United Kingdom. It also is produced in South Africa, Australia and Korea and is assembled in several other countries.

Our new J-car, which will debut in Canada and the United States next spring, has even more elements of a world car. There will be variations, however, within the common design to accommodate local differences in road systems, driving habits, speed limits, legislation and other considerations. Incidentally, GM of Canada is in the final stages of additional facilities and tooling to build J-car components and our assembly lines will be completely re-equipped to assemble the J-car at Oshawa for the 1983 model year.

In the 1983 model year, the J-car will be followed by the S-car which will be produced in GM's new Spanish plants and sold throughout Europe. It will be a strong entry into the sizeable European small car market.

The world car concept gives rise to another concept — world-wide sourcing. First, a company's world-wide component production needs are estimated. Then, the most ideal locations for setting up production modules are chosen — modules to produce engines on a world scale in one place, modules to build transmissions in another, and modules allocated to other major components in other areas. Supply contracts are negotiated with independent manufacturers. Finally, all these components are funnelled into strategically located assembly facilities, located close to major markets. The objective is to have the right number of component sources all operating at optimal production levels, achieving maximum economies of scale.

An example of this complementation, which has been a way of life for General Motors but now is being extended, is the major expansion at our Windsor transmission plant. When the facility is operating at capacity, it will produce annually about one million transmission and final drive assemblies for front-wheel-drive application. Complex equipment and sophisticated labour skills are required. Of the total production, only 200,000 units will be required for Canadian assembly and the remainder will be exported to the United States.

A further extension of this multinational sourcing is present in our project at the Oshawa fabrication plant to tool for J-car lower control arm assemblies. General Motors of Canada will be the sole North American source for this component, with the major portion of our production being exported to the United States.

Not all automobile manufacturers follow this approach to sourcing. The Japanese, for example, continue to concentrate production at home. But General Motors is convinced that world-wide sourcing benefits us while at the same time it is best for the host countries in which economic production modules are located. They benefit from improvements in their trade balances. General Motors always has sought to serve the needs of the host countries. World-wide sourcing — erasing the geographic boundaries of manufacturing and utilizing strategic resources in the most effective and economic way — is another method which GM can use to contribute to the self-interest of the host countries and help to bring about better equalization of trade. This approach permits lower-cost, more efficient production. At the same time, it gives nations in which markets are too small to support a complete automotive industry a chance to have a piece of the action.

Those of you who have read about my concerns with the Canadian government's duty remission programs should find my thoughts consistent with an approach to free trade. The duty remission schemes provide incentives to overseas automotive manufacturers without any requirement for those companies to have assembly investment in this country.

A growing number of countries in the developing world regard a viable automotive industry as important to their economic well-being and to the future development of their industrial infrastructure. While one regularly encounters local content laws and other constraints, we at General Motors have been successful in working with such countries, with very few exceptions.

We are extremely sensitive about the role which GM plays in host countries. We are the guests and we conduct our affairs accordingly, obeying each and every law. More significantly, we introduce new and valuable sources of foreign exchange; we introduce technology that otherwise might be unavailable; we hire and train nationals for management; we provide employment and pay taxes; and we contribute to the support and enrichment of a wide variety of human welfare and cultural projects.

I suppose that you could call our actions enlightened self-interest. General Motors can capitalize fully on the opportunities offered by a developing nation only by helping that country make economic progress. We must contribute to that progress. A healthy and growing local economy is essential to the success of our operation.

One of the most important contributions which we can make to a developing nation is to help turn its economic and industrial policies in the direction of improved efficiency and greater long-term growth potential. We can understand a country's desire to create employment in an economically depressed area, for example. But, if the required infrastructure is lacking, or if the right kinds of labour and materials are not available, the country's investment almost certainly will prove unwise and a precious resource could be lost.

Additionally, if a country has sought to protect its infant industrial development by unreasonable trade restrictions or industrial policies, we try to suggest a better way. Such constructive suggestions are something that the private sector can handle more immediately and directly than can the public sector.

The interests of multinational corporations are closely interwoven with the interests of all countries overseas. Certainly there are challenges to overcome but the opportunities are enormous. Developing or newly industrialized nations are well on their way to generating growing and prosperous markets and to becoming mature economic partners of the major industrial countries of the world.

Canada and other major industrial nations are facing stiff competition from the developing nations — competition that can hurt over the short term. However, the response must be positive. Industrial policies should be flexible and adaptable. We must create a home environment conducive to restoring and maintaining the health of our industrial base and to strengthening its world-wide competitiveness. Canada must build on its stronger industries and create a climate in which they can grow and prosper. We can develop new companies, new products and new markets through accelerated research and development.

However, we must recognize that it is in our own long-term interest to help the developing countries become even more competitive, even more prosperous. They will then provide attractive markets for our products. The more employment there is in the developing nations, the more customers it will create who can afford to buy our products.

Taking my own industry as an example, let's consider the effect of Japan's automotive trade policies. By simply exporting, exporting and exporting again, Japanese manufacturers do not contribute to the industrial development of other countries — only to the service industry that sells and services their products. This is not the kind of trade policy that leads to close, long-term, profitable relationships. If the Japanese automotive industry were to establish production facilities in other countries, we believe that such relationships would be encouraged. At the same time, the Japanese would help counter the resistance which is building around the world towards their aggressive export policies.

Now that Japan has achieved the rank of an industrialized nation, one of the world's most advanced and powerful, it no longer can conduct itself as if it were still a developing nation. It must be more sensitive to the needs of others in world trade. It must contribute more to meeting those needs.

It was not too many years ago that we first saw pictures of the earth from the perspective of the moon. The earth was a beautiful ball floating freely in the enormous expanse of space. All around this world, people experienced a great rush of feeling as they realized how small our planet is and how close together our continents and countries really are. People talked about the need to manage the planet's resources and our human relationships more sensibly.

Our aim for the future of people everywhere is to recapture that insight and vision. When we speak about trade and about competition, about strong and weak economies, about food and energy supplies, and about peaceful co-existence, we are speaking of a single world. None of us can conduct our affairs as though we are alone. Just as the people in a single house, or a single family, or a single country must work together for the achievement of common goals and for the common good, so must the people of a single country and so must the nations of this single world.

To get to where we must go, we are all going to have to work together a great deal more, a great deal harder. We must do our share more responsibly, acting like the family of nations which we really are. We're going to have to *help* each other. It's a challenge which we can meet and must meet.

Yes, there is a "tide in the affairs of men and women, which, taken at the flood, leads on to fortune." William Shakespeare goes on to say "we must take the current when it serves, or lose our ventures."

Let's take those words directly to heart.

The thanks of the club were expressed to Mr. Smith by Brigadier General Stephen Andrunyk, First Vice-President of The Empire Club of Canada.

DECEMBER 11, 1980

Christmas Luncheon

GUEST OF HONOUR The Honourable John Aird, LIEUTENANT GOVERNOR OF ONTARIO

CHAIRMAN The President, Reginald Stackhouse

DR. STACKHOUSE:

Your Honour, Your Grace, Your Worship, distinguished head table guests, ladies and gentlemen: this annual Christmas luncheon has become one of the most precious traditions of the club, a time when we turn from our serious business to come for what is more party than meeting.

It is part of Christmas to celebrate. The first Christmas I remember was when I was five years of age. Our house seemed transformed before my eyes with tinsel and coloured paper, a whole tree brought right inside, covered with coloured balls and a silver star on its peak. The day itself was like none other I had ever known, the games, the gifts, the treats. When I went to bed I did not know how I could wait another twelve months for Christmas to come again. I felt as though I had lived through a miracle. And so I had.

Christmas is a miracle. It comes in the winter when the days are short and the nights are dark. It comes when people need to hear a message of hope for the future.

There is no time quite like Christmas. As one writer has phrased it:

> We ring the bells when princes are born, or toll a mournful dirge when great men pass away. Nations have their red-letter days, their carni-

> vals and festivals, but once in the year and only once, the whole world stands still to celebrate the advent of a life. Only Jesus of Nazareth claims this worldwide yearly, undying remembrance. You cannot cut Christmas out of the calendar, nor out of the world's heart.

None of us in The Empire Club of Canada would want to be without this festival and the many customs that go with it, especially the way we are greeted each Christmas by the Queen as head of the Commonwealth, this world-wide family of many peoples, many creeds, many races, many nations, all joined together as one family through a common linkage in the Crown.

At the Empire Club we are privileged to receive these greetings from Her Majesty's representative in Ontario. Before asking His Honour to address us, I wish to express to him and to Mrs. Aird our warmest welcome on this their first official vice-regal visit to the club, to assure them of our loyalty to the Crown they represent among us, and to pledge them our support as they begin their demanding duties in our province. Ladies and gentlemen, let us welcome His Honour the Lieutenant Governor of Ontario and Mrs. Aird.

THE HONOURABLE JOHN AIRD:

Mr. President, Your Grace, Your Worship, distinguished guests of the head table and friends: Thank you very much indeed, sir, for your kind welcome.

I come here with great pride as Her Majesty's representative. Equally, I come here as a citizen of Canada who happens to live in Ontario. I have, in the past three months since I assumed this position, attended many functions and I have driven many miles, but I have to tell this particular audience here today that no gathering has given me greater pleasure than to be with you at the Empire Club.

I think, if I may say so, that the Empire Club and a number of things that we all hold dear at this time of year, which I characterize as "caring and sharing," are what this country is all about and what this occasion is all about. I would like to tell you very briefly that, as I have travelled through this great province, a number of things have been brought home to me.

The people of Ontario care deeply about this country. They are prepared to put out an extra effort to sustain and to preserve it, and they are prepared to make the personal sacrifices that probably are necessary to sustain it. Therefore, ladies and gentlemen, in my capacity as one who truly believes in the unity of this great country, I bring you greetings on behalf of Her Majesty and I bring you greetings as a concerned citizen.

DR. STACKHOUSE:

Thank you very much, Your Honour, for your presence and your message.

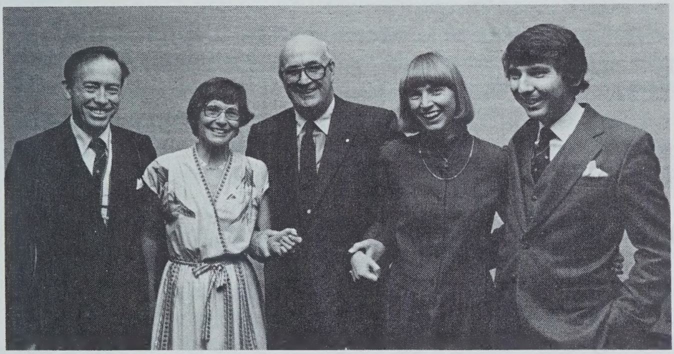
I now call upon Mr. John MacNaughton, Immediate Past President of the club, to make a presentation to Mrs. Aird. (*Presentation of bouquet of flowers.*)

Ladies and gentlemen, it is now my privilege to introduce the distinguished head table party that is honouring this Christmas luncheon.

DR. STACKHOUSE:

When Adam Smith wrote the first major study of economics in the modern world, he dwelt on the laws governing the market place. As an explanation for what makes those laws work and maintain order in the market, he referred to what he called "an unseen hand."

To enable the Empire Club to function week after week in the impressive way it does, there are many unseen hands at work, and all too briefly I acknowledge the debt all of us, but especially the president, owe to them.



President Reginald Stackhouse, Margaret Stackhouse, Hon. John Aird, Gail MacNaughton, John MacNaughton.

There is, first of all, a board of directors, forty members strong, their work organized into no fewer than twelve committees.

But strong as that board is, not much would happen were it not for the unseen hands of persons such as my own secretary, Mrs. Marian Holmes, who has added the work of a club president to that of a college principal with professional efficiency and skill. The club could not function also were it not for the experienced administrative ability of our executive secretary, Mrs. Eleanor Cook, and our office secretary, Mrs. Betty McAdam.

It is only fitting that one of the great clubs of the world should meet in one of the great hotels of the world, and I acknowledge the help of the Royal York Hotel's management, and especially the staff who do so much for us at every meeting, led by Adriano Ferreira and Charles Decastro, together with Emilio Fucile and Sammy Constanzo.

If this club is now an institution, so is its renowned pianist, Stanley St. John, without whose music a meeting would not seem complete.

Finally, I acknowledge all the committee members who have made this luncheon once again a time to remember, but especially today's chairman, George Stafford, and vice-chairman Michael Stevenson.

Ladies and gentlemen, everyone makes some mistakes, and one of my biggest mistakes in life has been to follow John MacNaughton as President of the club. A person should carefully choose to succeed only failures, and I have done just the opposite.

But on the credit side, I can acknowledge there have been pluses in following John in the President's chair. One of them is getting to know a person whose association I have come to value for many reasons: for counsel offered readily but only when solicited, for support whenever assistance is needed, for humour whenever a cloud of stress appears on the horizon.

It is my privilege now to ask John to come to the podium and accept an illuminated scroll signed by the Governor General of Canada, as Honorary President of the club, and myself expressing the thanks of the club for a presidency that gave us one of the finest years we have had.

MR. MACNAUGHTON:

Mr. President, Your Honour, Mrs. Aird, distinguished head table guests and ladies and gentlemen of The Empire Club of Canada.

Thank you, Dr. Stackhouse. Thank you firstly for your generous remarks; and if I may, I would like to acknowledge them jointly with my wife, Gail. As I said in my annual report to our general meeting last spring my Empire Club year was very much a shared experience for Gail and me and I can assure you it is appropriate that she participate fully in the kind words of appreciation you have just expressed.

Thank you also for this scroll. I will keep it, I will hang it in a place of prominence and I will treasure it.

In preparing for this moment by reviewing the remarks of my predecessors on previous similar occasions I noted that many past presidents have referred to this scroll as a graduation diploma. That metaphor is especially exciting to me as a United Churchman because, as many of you know, our current President, Dr. Stackhouse, is Principal of Wycliffe College, an Anglican school of divinity, and when I get home and read the fine print on this diploma I may discover that I've been ordained. The Empire Club prides itself on being non-partisan; it may soon be able to describe itself as ecumenical.

Whatever the potential theological implications of this scroll, it is certainly apt to suggest that the process involved in obtaining it is an education. The education comes from having the opportunity to meet and to know our distinguished guest speakers and to listen to their addresses; it comes from the realization that public speaking as an art form is not dead and that through an organization like the Empire Club which encourages it, the art can flourish; and it comes from the rediscovery of the verity that many hands make the work light. Nowhere is this truer than in our club where past presidents, officers, directors, members and staff make common cause of perpetuating our club as Canada's leading public speaking forum.

It has been a privilege to be your President and I thank you for it. I also thank you, ladies and gentlemen, for this elegant scroll which will serve me as a reminder of all the reasons that I will continue to have respect and affection for The Empire Club of Canada.

Thank you again and Merry Christmas to all.

DR. STACKHOUSE:

One of the treats of attending meetings last year was hearing John's superb introductions. The other was getting to know John's even more superb wife. And I now ask our First Vice-President, Brigadier Steven Andrunyk, to make a presentation to Gail MacNaughton. (*Presentation of bouquet of flowers.*)

No part of the club's life and work is more important than the Empire Club Foundation whose many responsibilities include funding the publication of our yearbook. I now invite its President, Major General Bruce Legge, to make a presentation to His Honour.

GENERAL LEGGE:

Mr. Chairman, Your Honour, Mrs. Aird, Your Grace, Your Worship, the "Reverend" John MacNaughton, distinguished guests and friends of The Empire Club of Canada: The Honourable David Crombie is one of our ilk, a patriotic and loyalist Canadian who has served Canada with great distinction like the ladies and gentlemen of this room. He tells this lovely parable:

> Let us give thanks that we do not grow bananas in Canada, because my fear is that with the way things are going, we would make a rotten banana republic. First, we would have a federal-provincial task force to study the constitutional implications of the banana. Then we would have a royal commission to decide whether the bananas should be labelled bilingually or unilingually. Then we would have to have a parliamentary committee to decide whether the bananas should be weighed imperially or metrically.

Your Honour, I agree with Mr. Crombie that we would be a rotten banana republic. I present you with this golden package, which does not contain Christmastide gold and frankincense and myrrh. Of greater worth are three recent yearbooks of The Empire Club of Canada and *The Best Talk in Town* by Scott Young and Margaret Hogan.

In the seventy-fifth year of the club, under the presidency of Mr. Peter Hermant, we were the only public forum to take a strong position on unity. We submitted a brief to the Robarts-Pepin commission on the constitution.

> Our feeling is that it would be essential for our way and quality of life that the system of parliamentary democracy, recognizing the Queen of Canada and the apolitical structure of Governor General and Lieutenant Governors, be maintained, both from a traditional and practical point of view.

These were strong words, and not hollow, of our seventy-fifth year and indicate that The Empire Club of Canada stands for something as well as being Canada's leading forum.

The next year, Brigadier General Lewis's yearbook, contains the seventy-fifth anniversary index and catalogue of infinite worth which lists every speaker and every subject discussed at this club since 1903. There is also continuity for your collection by including the handsome volume for Mr. John MacNaughton's year. Indeed, as the lawyers say in prestigious law firms like Aird and Berlis, these books are the *sine qua non* of a great library — without these books there is no library.

May you find *The Best Talk in Town* both wise and amusing as it presents in one volume some of the issues that have stirred Canadians and concerned The Empire Club of Canada from its very beginning.

Above all, Your Honour, I would like to assure you and Mrs. Aird that the members of this club will happily support you in your office and in your person.

Thank you for accepting these publications of the Empire Club Foundation.

DR. STACKHOUSE:

Christmas is a time for singing, and has been since an angelic choir proclaimed the Nativity to shepherds in the fields near Bethlehem.

We will have a real Christmas musical treat today in hearing the presentation of the Hart House Chorus under the distinguished direction of Professor Denise Narcisse-Mair, accompanied by Marion Ford.

About 1923 a group of undergraduates began meeting on Sunday evenings in the Music Room of Hart House to sing college songs. They formed themselves into what were first called the Songsters, and later the Glee Club. Just nine years ago, the Glee Club was regrouped as the Hart House Chorus, with both male and female singers.

Under whatever name, however, they remain part of the Hart House tradition, a source of pleasure and inspiration to their own community as they will be to ours today. It is my pleasure to invite the Hart House Chorus to sing with us now.

A Program of Christmas music was presented by the Hart House Chorus.

DR. STACKHOUSE:

On behalf of this great assembly, I thank the Warden of Hart House, the director and members of this brilliant Chorus for giving the Empire Club a Christmas to remember. The Chorus has made this an hour of joy and gladness so that we can leave one another believing:

The music we have heard has been more than
  music,
The bread we have broken more than bread.

My warmest Christmas greetings to all of you, and in the new year may each day fulfil the Old Testament promise: His mercies are new every morning.

According to the club's tradition, we will close by singing "O Canada," led by the Hart House Chorus. Kindly remain standing while the Vice-Regal party leaves the room.

JANUARY 8, 1981

Reflections on the Mood of Quebec Today

AN ADDRESS BY Claude Ryan,
LEADER OF THE OPPOSITION,
PROVINCE OF QUEBEC

CHAIRMAN The President,
Reginald Stackhouse

DR. STACKHOUSE:

Ladies and gentlemen: C'est avec plaisir que j'ai le grand privilège de souhaiter la bienvenue, de votre part, à un grand Canadien, M. Claude Ryan, le chef de l'opposition, assemblée nationale du Quebec.

When he had completed his monumental history of World War II, Winston Churchill said: "I am now the first person in these islands since Julius Caesar to have made history and then recorded it." And a contemporary commented: "And the irritating thing about it all is that he was right."

Our distinguished visitor today would not make this claim about himself, but he could, and with justification, because he has spent his entire professional life both attempting to shape the life of Quebec and to interpret the forces at work in his people's life.

His career began with seventeen years of service with Action Catholique Canadienne, and then after his long period in social action, he became a journalist, joining the editorial board of the influential daily, *Le Devoir*, in 1962. Two years later he became his paper's editor and publisher.

In that post his name became nationally known for responsible, informed, and thoughtful analyses of the major issues challenging Quebec and the rest of Canada. He might well have been expected to spend the rest of his life interpreting history as others made it, but when a separatist government was elected in Quebec in 1976, the call to action was once again compelling.

Mr. Ryan has never fitted the stereotype of Canadian politicians. He has preferred substance to image, principles to slogans, meaningful debate to media events, rational appeal to emotional manipulation. He has therefore confounded commentators, and more than one has predicted his political demise.

But has any political career been more meteoric? Most new politicians count themselves fortunate to win a nomination, but Mr. Ryan began his political life by seeking and winning nothing less than the leadership of the Liberal party in Quebec. That victory secured, he next won a seat in the National Assembly, and became the leader of its opposition. Since then he has successfully led the resistance to the separatist referendum resolution, and has won eleven by-elections in a row.

In 1867 it was given to great Canadians to achieve Confederation. Today it is given to equally great Canadians to preserve Confederation, and it is my privilege to present one of them, Mr. Claude Ryan.

MR. RYAN:

Mr. Chairman, distinguished head table guests, ladies and gentlemen: This is the fourth time that I have been invited to address your distinguished club. My pleasure and gratitude in accepting your invitation are as great today as they were upon my first appearance at this forum in 1973. I also note with pleasure that your hospitality has lost none of its warmth.

Claude Ryan,
Leader of the Opposition,
Province of Quebec

On my previous visits, I have felt you would want to hear from me as a journalist and then as a political leader lost in the wilderness of opposition — a fair but none too committal description of the state of public opinion in my province. I had hoped that my next appearance here would be in the capacity which would allow me to speak on behalf of the entire population of the province of Quebec. But in order to be able to put that claim to you, I yet have to win an election victory in Quebec, and until I have done that with my party, I must still consider myself as a person whose individual views must be presented to you with all the humility that is required in the circumstances, and for which I am not too often complimented for having!

My remarks today will be in the nature of reflections upon the mood in the province of Quebec at this moment, and they will be centred around three main themes. When I began writing my notes, I put down five themes — but I had to cut out two of them, including one which dealt with the prospects for the next election. I thought we could forget about that one because every one of you must presumably have reached the same conclusions that we have reached ourselves about the probability of a victory for my party in the next election.

The first topic is the referendum on the constitutional future and the lessons we must derive from that experience; second, the Trudeau plan for constitutional reform; and third, the relationship between Ontario and Quebec in the search for a renewed Canada.

The referendum on the constitutional future of Quebec was, of course, the leading political event of the last year in Quebec. From the victory which was won by the federalist forces, one safe conclusion can be drawn. Because it is extraordinarily complex, it is fairly easy to criticize our federal system of government from any chosen angle and thus to lead the people of this or that part of the country to believe that they did not get their fair share over the years. Plenty of doubts have been planted in the minds of many people in Quebec in this perspective, and they still do exist. But one key factor had been overlooked by the Parti Québécois and it was to prove vital in the decision of the people. It was the attachment which Quebecers, beyond all difficulties relating to the functioning of our system of government, keep for Canada as their country — for its land, its vast spaces bounded by three oceans, its rivers, its lakes, its mountains, its natural resources, its large, medium-sized and small enterprises, its political and social institutions, its standard of living, its way of life, and above all, its people.

As soon as we began, in my party, preparing our arguments in view of the referendum campaign (and we started about a year and a half before the referendum actually took place), I discovered through consulting with people in different walks of life that the decision of the voters would be rendered around the country, and not around any particular theory or any particular concept of federalism. That the result of the vote reflected this attachment of a solid majority of Quebecers for Canada is the most comforting lesson that we can draw from the experience.

I can assure you, on the basis of my own memories of how the campaign unfolded in different parts of the province, that when we went to the people and talked to them, not about the intricacies of the federal system of government but about Canada — its land, its people, its institutions — that the response was extremely warm. And on the part of our opponents, they knew that they had hit upon a stumbling block, the size of which they had not measured beforehand.

Through the very ambiguous question which they put to the people, the government actually sought a mandate to try to restructure Canada around the concept of two sovereign countries. I pay tribute to our people for having grasped this very clearly as the debate progressed. At the outset of the debate, as you remember, there was a lot of ambiguity about the meaning of the question, the true implications of the government's scheme. But as we progressed in the debate and as we did our share in the debate, the people clearly grasped that it was a choice between one country or two countries which was being proposed to them. By saying "no" to the concept put forward by the government, the people of Quebec said "yes" to the concept of one country under a federal system of government.

Rather than sit passively on this result, we should pay great attention to two equally important lessons derived from the result of the referendum. It is fair to underline that sixty per cent of Quebecers voted in favour of the Canadian option. But it is no less realistic to recall that forty per cent voted in favour of negotiations around the concept of two countries, proposed by the Lévesque government. A proportion of forty per cent is in itself highly significant in any situation, but particularly in a matter of this importance. It is all the more meaningful in the present case since an overwhelming majority of the non-Francophone voters, which must have represented between fifteen and twenty per cent of the total number of voters in the referendum, very probably voted "no," which leaves us with a nearly evenly divided Francophone vote.

If you want more precision, about fifty-two to fifty-three per cent voted in favour of the "no" vote, and forty-seven to forty-eight per cent were on the "yes" side. This is according to a respectable study done by a McGill pollster, Mr. Maurice Pinard. As you know, we don't attach too much importance to the work of pollsters, but in this case, since the job was done after the referendum and could not pretend to influence the result, it may be a little more credible.

Non-Francophones, of course, are an integral part of the Quebec population, and the government of the day learned this at their expense. But the fact that nearly one out of two Francophone Quebecers was disposed to give Mr. Lévesque a mandate which could well have meant, to all practical purposes, the end of Canadian federalism is a very, very significant lesson which we should not overlook.

We were, of course, aware before the referendum that a high proportion of Quebecers, not all separatists by any means, were not satisfied with the way our federal system of government has functioned until now. We knew very well that many would be persuaded to vote "no" only on the condition that substantial changes could reasonably be expected to occur within the federal system. We did, in consequence, insist during the campaign that a "no" vote would be interpreted as a "yes" vote for a platform of renewed federalism.

The most eloquent and authoritative exponent of this view was, of course, the Prime Minister of Canada himself, who at several public meetings during the campaign committed himself and his fellow members of the House of Commons from the province of Quebec to either effect changes in our system or resign their jobs. The lesson to be drawn from this is clear and simple. Quebecers voted in favour of one Canada in the referendum, but many of those who voted "no" were probably induced to vote "no" because the promise had been made to them that some significant changes would be brought to the system.

When Mr. Trudeau insists that there must be change and that it must be undertaken now, he is acting in perfect conformity with what we all said during the referendum campaign. We won an important battle on that occasion, but the war for the minds of Quebecers and the future of this country will only have been won once the promise of the referendum has been respected.

Because of the context in which they arose, Mr. Trudeau's proposals which are now under examination by a joint committee of the House of Commons and the Senate must be received with great respect and maximum openness. To the extent that they are acceptable, we have an obligation to look upon them with great sympathy. In my case, in view of the fact that we were closely allied within the referendum campaign, I look upon them with friendliness. But as the old Roman saying has it, *Amicus Plato sed magis amica veritas* — I may be bound to Plato by friendship, but I must first be bound by truth. In this perspective, I should like to examine with you the federal government's proposals in the light of two important criteria which will certainly appear most reasonable to most of you.

First, are they in line with the philosophy of federalism which we have been defending over the years? Second, how far do they go towards meeting the expectations aroused among Quebecers during the referendum campaign?

If it were only a matter of bringing the constitution home, there would be no serious problem. An impressive number of leaders have long maintained in Quebec that patriation must never take place before agreement has been reached around a new division of powers and a reformed Senate or Supreme Court. I am among those who long held that position. But confronted with a simple direct move aimed at bringing the constitution home, such a negative stance would rapidly lose credibility. Mr. Trudeau insists that patriation will initiate better than any other move the process of change which is badly needed. Whether or not we are in agreement with his arguments, he is entitled, as Prime Minister, to lead the country in this direction.

Patriation, without an amending formula, would of course be rather ineffectual. Beyond the symbolism of the move, we would rapidly realize that little had been changed. But the amending formula reaches the very heart of our federal system and is intimately related to the delicate equilibrium between the two levels of government, which is the key to a genuine understanding of the system. More than any other factor, including the division of powers itself, the amending formula is bound to reflect and affect the equilibrium between the federal Parliament and the provinces.

This question is so vital that until now it has been universally agreed that no changes can be brought to the major provisions of our constitution in this area unless they had been approved by the two levels of government. One has only to remember the numerous conferences which took place over the years around this issue. Whenever a conference could not reach agreement, the federal government would invariably agree that it was not authorized to act alone.

Following upon the failure of the September conference in Ottawa, the federal government suddenly decided to change the rules of the game and to initiate of its own accord, in a unilateral fashion, a process whereby the problem which previous governments had been unable to resolve would be put to the people for a solution.

I must say that I cannot accept this approach. I fail to understand how we could undertake the reform of our federal system by first denying one of its most essential and fundamental principles. In line with our generally accepted philosophy of federalism, it had been widely agreed until recently that no changes could be introduced in the division of powers, or in the overall status of the provinces or the federal government, without prior agreement to this effect between the two levels of government. It had also been agreed that should conflicts of jurisdiction arise between the two levels of government, the courts would be the appropriate recourse for the resolution of such conflicts. And in the absence of provisions authorizing the courts to intervene, the matter was left to negotiations and agreement between the two levels of government.

But now, we are confronted both with a new doctrine and with new behaviour on the part of the federal government. In proposing that a charter of rights be included in the constitution, the federal government proposes in effect that the powers which the provinces have enjoyed until now should in the future be limited, diminished or altered without their concurrence.

I wish to remind you that my party, in its constitutional document called the beige paper, is strongly in favour of a constitutional charter of rights. I say again today that should we be called to form a government in the province of Quebec, we would work with the other governments of the land in order to obtain a decision whereby a charter of rights would become one of the elements of our basic constitutional heritage.

But just as I am convinced that a charter of rights would be an impressive step ahead for Canada as a country, I am also deeply convinced that such a move should never be decided until there is agreement between the two levels of government about it. And I should say for the sake of clarity, that in this perspective I consider the principle of a charter of rights highly desirable. It would be a good thing for Canada. But the principle of the fundamental equality between the two levels of government is still more vital and fundamental to the good functioning of our federation. Should a conflict arise between the two, my position is clear. I would rather maintain the principles upon which this country was founded than yield to a new objective which may be desirable in itself, but not absolutely vital or indispensable for the good functioning of Canada.

In a major speech which he made in this city last November, the Prime Minister of Canada evoked in very moving terms the conflict which has arisen, according to him, between two opposed concepts of federalism in Canada. Recognizing that parliamentary democracy, with the supremacy which it places in Parliament, and federalism, which includes by definition several sovereign parliaments or legislatures, can be in fundamental contradiction, Mr. Trudeau rightly pointed out that the reconciliation of these two aspects is assured under our system through an appropriate distribution of powers between the two levels of government. He then observed, rightly again in my view, that even under an excellent division of powers there could still be conflict, because, as he said, "the two levels of government have conflicting interests." But from then on, Mr. Trudeau was led to this sweeping conclusion:

> The Fathers of Confederation recognized that the most important power, therefore, is the power to resolve conflicts between those supreme parliaments, and they gave the most important of powers, the power to resolve conflicts, to the national parliament, and by doing so, they established clearly and unequivocally that the division of powers would be based upon one overriding consideration, the common good.

I should like to comment briefly on two aspects of this far-reaching conclusion. First, it is true in some areas that the federal Parliament was given the right to override the provinces in cases of conflict. For example, the power of disallowance lodged with the federal government was clearly a power to resolve conflicts when such arose between the two levels of legislative authority. So was the power entrusted to the federal government to come to the rescue of religious minorities when their rights were violated. The power of disallowance was not exercised for a very long time, as you will remember. The power of the federal government to intervene in favour of religious minorities was never used, to my knowledge, and the power of disallowance has not been used for forty years. They have both become so obsolete that all serious students of our constitution have proposed that they should be removed altogether in a new modern version of our constitution.

The leading principle which has emerged over the years is not clearly marked in the constitution. Still, it has emerged with greater and greater clarity. And that is the principle of the fundamental equality between the two levels of government, each being sovereign in its sphere of jurisdiction and each being bound by the same constitution and the same laws. Under such a system it is incumbent upon the courts, and not upon any level of government, to arbitrate disputes which may arise among them in the area of legislative competence. If we were to accept the doctrine that conflicts between the two levels of government must be resolved by one level of government, we would be destroying the very principle of equality which underlies our entire system as it has evolved.

I grant that in a situation of emergency, as might arise on the occasion of a war or an insurrection, real or apprehended, or a major catastrophe, the emergency powers of the federal government would authorize them to claim for the national Parliament powers which in normal times would be under the provinces. But we are living in normal times at the moment, and I don't think the federal government has any powers under the constitution to appropriate for itself prerogatives which must be lodged elsewhere.

To complete the picture, we must also ask ourselves if the federal program now under consideration before Parliament provides an adequate response to the demands for change in the constitution which have kept emanating from Quebec and, of late, from many other provinces. To this my answer must be rather negative. The demand for change has always gravitated in Quebec to three vital issues: first, the status of languages in Canada; second, the division of powers between the two levels of government; and third, the restructuring of federal institutions, in particular, the restructuring of the Supreme Court and the Senate.

On each of these three issues, the federal program obviously falls quite short of meeting the expectations of Quebecers. My party, which can fairly be described as moderate and deeply committed to federalism, has produced its own constitutional document expounding its position on the constitutional reform now under way. In light of that document, I must say in all simplicity that the federal program appears as a rather pale and not too auspicious beginning. In the area of language rights in particular, I want to underline here that we would be left, if the program were to be adopted in its present form, with a very asymmetrical kind of federalism in the area of language policy.

In Quebec, we have been bound since 1867 by Article 133 of the British North America Act which obliges the province to give equal status to the two languages in its legislature and legislative documents, and in its courts. I understand, upon reading the federal document, that the province of Ontario would still be exempted from the provisions of Article 133 on the grounds that Ontario is not prepared to accept it.

I am addressing myself to the Minister who is here today, and to his colleagues in two other parties, whose presence I deeply appreciate. I read with great interest the report of your select committee on the constitution, produced last October. With great relief, I noted that on this particular question, the committee could not arrive at a consensus. But a majority in favour of going farther in the direction of real equality between Quebec and Ontario emerged. They concluded that they would continue to examine the problem and were hopeful of being able to arrive at a consensus at some later stage.

I acknowledge this effort with great respect and gratitude, and I do hope that further consideration of the problem will lead them to conclude that the sooner we reach complete equality between the two what I call "mother" provinces, in this area of language rights, the better we will be placed to speak to the rest of the country with genuine moral authority. As one who has continually defended the rights of the Anglophone minorities and those of other cultural minorities in the province of Quebec, I feel entitled to insist that in this area the uneven treatment meted out to the two provinces by the federal program would cause more hardship than satisfaction. In my province, our opponents would be justified in repeating all across the province that we are again the victims of a particular status. When the particular status favoured the province of Quebec, it would be felt that the government would say, "No. No special status for anyone." But in the area of language, the document as it stands would perpetuate a former special status which is less acceptable today than some concrete adaptations in the area of division of powers, which would be conceivable in a spirit of realism and good will.

So I insist on this point. And I hope that with time, it will come. I have never tried to force time in all my life. If we are not yet prepared, let us accept that with all the humility that is required. But let us not delude ourselves into believing that we are making bold moves ahead when we are doing precisely the opposite.

With respect to the division of powers, there is nothing new in the federal program except the limitation of provincial and federal powers which would be the logical consequence of the adoption of the charter. All those who have studied this part of the program have concluded that the curbs upon provincial powers will be much more considerable, because most of the fundamental liberties which are dealt with in the document now fall, in one aspect or another, under the authority of the provinces rather than of the federal Parliament. Beyond that, there is nothing novel in the document, nothing that goes anywhere towards meeting the expectations which have been formulated for many years.

Mr. Trudeau is genuinely concerned. I discuss this freely and you will notice that I have no animosity at all. I have great respect for Mr. Trudeau. He is the Prime Minister of our country. Our two parties have a lot in common, though they are completely independent, as I think you realize. He is genuinely concerned, and I respect his concern, that the changes proposed in his resolution now before Parliament must be effected now. He fears above all that unless those changes take place now, we may all relapse into indifference and inaction for the next fifty years.

I think he is right in reminding us that time in abundance will not forever be available. But I don't think we have yet arrived at the stage in our development where fundamental principles which we have always held dear should be abandoned in the search for a new federalism in Canada. Only a grave emergency would justify such a drastic departure from the true tradition of our federal system of government.

The result of the Quebec referendum, as I interpret it, suggests, on the contrary, that provided that good will is clearly demonstrated, we yet have some time to work at a new arrangement which would be commonly acceptable. The search for a new federalism and a renewed Canada will, if my diagnosis is right, take more time than we would all like or than most of us had anticipated. However, I did not sin too heavily in this direction because I have always reminded my fellow citizens that it would take more time than some politicians seemed willing to allow. We would all like to settle the constitutional problem once and for all. You hear that refrain all the time. "Why don't they deal with it, once and for all, so that we can pass on to other concerns of much greater importance?"

I am sorry to say that things just do not work that way. The constitutional problem will be with us for a long time to come, and it will find its solution only as we find solutions to the other problems which we must also live with. We have discussed today just one aspect of the problem, that is, the relationship of Quebec to our Canadian federal system of government. We have not even touched on other aspects which are becoming burning issues in today's circumstances, such as the new relationships being sought by the western provinces with the whole of the country, and also between the Atlantic provinces and the rest of the country. We must prepare ourselves for years of patient and difficult work. A genuine will to understand the interest of the whole, whilst defending one's legitimate regional or provincial interest, will be needed more than ever.

In dealing with this difficult challenge, we must resist a temptation which would lead us to believe that only those who speak for the federal government can be statesmanlike, broad in their approach, and generous, whilst those who defend principles on other levels should be dismissed as narrow-minded provincialists or regionalists with no grasp of the magnitude of our problems. The true sense of Canada's common good belongs to no one as his exclusive property and to no government in particular. It is the responsibility of all politicians and all citizens to raise themselves to a level where they can become better informed of the true interest of the nation whilst they remain firm exponents of the interests of their respective parts of the country.

I should like in this perspective to conclude these remarks by emphasizing the irreplaceable role which the historic relationship between Ontario and Quebec must play in our search for a new and more solid Canada. Our two provinces have often been at odds with each other. Ontario has long symbolized, in the minds of many Quebecers, the economic domination of English Canada over French Canada and English Canada's stubborn refusal to recognize that this country must be founded on the basis of cultural and linguistic duality. Quebec's nationalism, on the other hand, has often been a source of impatience in this province, and Quebec's claims, through all the expressions they have had over the years, have often been a source of profound misunderstanding and concern.

But this should not make us forget that Canada was primarily founded upon an understanding between political leaders in the two mother provinces. Confederation arose as a result of years of difficult cooperation between the leaders in Upper Canada and Lower Canada. The relationship between Robert Baldwin, for instance, and Hippolyte Lafontaine, and then between Cartier and Macdonald, was certainly one of the important factors which made it possible to launch Confederation in 1867.

While I was at *Le Devoir*, I had a very happy intellectual and professional relationship with my colleagues of the Toronto press, which I am pleased to see represented at the head table today. We had heated debates among us. We did not always agree. But we always cooperated during those years and I derived considerable intellectual stimulation from the objections which my articles aroused in *The Globe and Mail* and *The Toronto Star*. I always felt honoured that they, with the much larger circulations that they had, would pay considerable attention to the arguments which we were trying to expound on our side.

In those years, I discovered that John Robarts was very close to Jean Lesage, and that the warm relationship that had developed between these two leaders was an important factor in facilitating many of the important changes that took place in our system of government during those years. They were not juridical changes, confirmed by the Parliament of the United Kingdom. They were perhaps more important, in that they made it possible to do important things differently than they had been done before. I remember the warm understanding attitude which John Robarts always had towards the special claims which were emanating from Quebec, and which, he would readily confess, he did not always completely understand. But he knew there was something there, and he tried to facilitate the development of life.

He had an equally warm relationship with Daniel Johnson afterwards. I remember before the interprovincial conference which took place here at the instigation of Mr. Robarts in 1967, two or three days before the conference Daniel Johnson called me at my office and asked if I had two or three hours for a good conversation with him. So I went to have lunch with him and he told me he was preparing for the conference and he wanted to talk to an independent-minded person. We were four hours together and we had a very friendly conversation. When I left him, he said, "My next visitor is going to be John Robarts. We're both small-town lawyers and we understand each other very well!"

I could give you a host of examples to the same effect. Geography, history, economics and culture have forged between the people of our two provinces and between the leaders of our two provinces, links the equivalent of which seldom exist to the same extent between Quebecers and Canadians in other parts of the country. The relationship between our two provinces is a matrix which was extremely important, not only in the formation, but in the growth of Canada, and I feel it is going to be equally important in the future.

I may be wrong on this, and I stand ready for correction, but my feeling is that in the past three or four years the relationship at the political level has been somewhat more distant than it used to be, especially between the leaders of our two governments — for reasons which I don't want to look into today. There has not existed the same kind of warm, co-operative friendly rapport that used to exist in the years which I just evoked. I have seen, time and again, the premier of the province of Quebec denounce the province of Ontario on the familiar grounds that it has been the great beneficiary of Confederation and cannot understand the new changes that are in order. This is not the kind of talk that will lead us to constructive results in trying to reshape our Confederation.

While I have that impression, may I also suggest that in other fields, and perhaps even at other levels of political activity, relationships may have been multiplying. We may have been planting, in those years, the seeds for interesting co-operation in the future. The leaders of the two opposition parties are here. I am glad to report that I have had conversations with them during the past three years since I became leader of my party. We have had exchanges.

I have referred to your committee of the Ontario Legislature on the constitution. I remember with great pleasure that they came to see us in Montreal and Quebec. They came to see a group from the Parti Québécois, a group from the National Union party, and, of course, a group from the Liberal party. They spent hours with each party, trying to evolve their own position on the constitutional problem. They went to all parts of the country. I want to pay tribute to them. No committee of the Quebec Legislature has done the same. This kind of relationship can be extremely important for the future.

I want to say, in conclusion, that if and when we are given a mandate to govern the province of Quebec, one of my first preoccupations would be to establish with the government of the other mother province a warm co-operative relationship that could serve as a basis upon which we could work together towards building a stronger and better Canada.

The thanks of the club were expressed to Mr. Ryan by Terrence Tyers, a Director of The Empire Club of Canada.

JANUARY 15, 1981

The Middle East Today

AN ADDRESS BY Ambassador Kenneth Taylor,
CONSUL GENERAL OF CANADA,
NEW YORK CITY

CHAIRMAN The President,
Reginald Stackhouse

DR. STACKHOUSE:

Canada is one of the largest countries in the world, but one of the least known. Few of our twenty-three million people are known beyond our borders. Only a handful of Canadians have grabbed the world's imagination — the Dionne quintuplets, the Mounted Police, Margaret and Pierre. But just less than a year ago, another Canadian emblazoned his name and his country's on the front pages of the world's newspapers with a feat inspiring for its daring, its skill, and its honour.

Ambassador Kenneth Taylor's rescue of American personnel from certain arrest and confinement in Iran has been the one happy paragraph in the whole sad story of the Iranian hostages. More than a library full of treaties, memoranda, agreements, declarations, protocols and doctrines could possibly have done, this one action demonstrated what it means to be a neighbour, and a good neighbour.

The ambassador's action — at some risk to himself — was an example also of the courage and danger that have now become part of the diplomat's daily life. If once that life seemed only an endless round of courtesies, ceremonies, intrigues and triumphs, it has become in recent years a life open to attack, kidnapping, and even assassination. Nonetheless, our diplomats accept these new hazards as part of the duty to which they have committed themselves.

Ambassador Taylor has now served in his country's foreign service for more than twenty-one years. Joining the Trade Commission service in 1959, he served at Guatemala, Detroit, Karachi and London over a period of twelve years. Returning to Canada in 1971 he held various posts at Ottawa until his appointment as ambassador to Iran in 1977. He is now Consul General to New York, and also Canadian Consulate General Commissioner to Bermuda. When we consider how easy it would have been for him to find some pressing diplomatic duty to perform in Bermuda at this time of year, the club is all the more grateful for his coming to Toronto during this deep-freeze weather.

The ambassador has received many honours and awards in recognition of the courage and compassion he and his colleagues displayed in Iran. These have included the Order of Canada, the United States Congressional Medal of Honor, the Haas International Award, the Detroit-Windsor International Freedom Festival Award, the Canadian Club of New York Gold Medal Award, the American Academy of Achievement Gold Plate Award, the New York Police Association Golden Rule Award, the State of California Medal of Merit, and as a Yankee fan I must add a recognition night at Yankee Stadium. But no award, distinguished as all these are, can be more significant than the acclaim he has received from his fellow Canadians from coast to coast, and the Empire Club is honoured to welcome Ambassador Kenneth Taylor to address us today.

AMBASSADOR TAYLOR:

Ladies and gentlemen: I am delighted to join the members of the Empire Club — a club that has long benefited from being identified as one of North America's primary forums. In fact, as you read and reflect over the list of previous speakers, you wonder quite frankly if there is anything left to say that others, far more persuasively and articulately, have not said before.

Of course, I could speak on United States/Canadian relations. I have been in New York for a week and am fully informed on all aspects of our unique and complex links. This is a very fleeting competence for if you ask me the same questions a year from now my replies will be carefully bland and lack any apparent self-assurance that they may appear to have at the moment. This inverse relationship between less sense with more experience was also evident in Tehran where with each batch of confidential files we destroyed for security reasons our messages to Ottawa became more pertinent and effective. Surely there is a message here for bureaucracy and government.

Quite apart from United States/Canadian relations, what I would like to make some observations on today is the region that is bound to be the focus of our attention for most of this decade — the Middle East. Our post-war preoccupations were directed almost entirely on the challenges of rebuilding Western Europe; the sixties and early seventies focused on Southeast Asia; then in the mid-seventies we had a period of meandering, progressively inching towards confrontation in the Middle East.

I am not entirely certain what your view would be of the chances for peace and stability in the Middle East and the implications that this region holds for us. My own is rather guarded. Globally, I was taken by a recent Gallup poll which asked citizens of various countries as to whether they were optimistic about the forthcoming few years. The high was registered by two countries where forty-seven per cent of the sampled population anticipated better times ahead. The poll further had the *caveat* that in those two countries the situation currently was so bad that forty-seven per cent saw any change as an improvement.

Despite my relative pessimism, I still feel that we will be able to work our way through the difficulties — and there are difficulties indeed posed by this region. I know that your sensitivities are numbed by statistics ending with seven zeros. But the fact still remains that nearly two-fifths of the oil consumed by the free world economy is vulnerable to terrorism, accident, warfare and extortion. Loss of Persian Gulf oil for a year would return our economies to the great depression of the thirties. Estimates are that the loss of Saudi Arabian oil to the United States for a year would cost $272 billion; increase the unemployment rate two per cent and increase the inflation rate by twenty percentage points. The loss of all Persian Gulf oil would cut the United States' GNP by thirteen per cent and Japan's by twenty-five per cent. This whole question of Persian Gulf oil is, incidentally, brought out very clearly in a new book I recommend to you all entitled *Energy and Security* from Harvard's Energy Research Project.

Essentially, the West must define and respond to three paramount challenges:

1. Physical disruption of security of oil supplies;
2. The impact economically and politically from dramatic increases in oil prices; and,
3. The foreign policy implications of our energy vulnerability.

With respect to disruption of supplies, Persian Gulf countries face internal threats that are just as significant as those posed by external forces. The internal threats are largely tied to a restless expatriate population in all of the Gulf countries. In Kuwait, for instance, most of the downtown area is occupied by non-nationals and a number of the senior government cadre is composed of Egyptians, Palestinians, Indians or Pakistanis. The same can be said for their military force. It is not an income gap such as in other developing countries

Brigadier General S.F. Andrunyk (left), with
Ambassador Kenneth Taylor

that we are speaking of, but rather a potentially disenchanted group of expatriates and rivalries among tribal sheikdoms, conservative monarchies, socialist one-party states and theocracies. The external threats, taking into account rapidly changing alliances among Arab countries and the Soviets poised in Afghanistan, increase the degree of uncertainty.

Add to this those without pride or conscience — terrorists. We have already seen in Iran what a terrorist group with a certain political will can do, not only to oil flows but to the pride of a nation and the fragility of international law as well. The breakdown of international legality, characteristic of recent times, amounts to undeclared warfare and desperately weakens the political civilization we possess which was very costly to construct.

Coming to terms with terrorism is a challenge not yet resolved in Western Europe and the Middle East. Distinct from the political results, there is of course the human dimension of terrorism particularly for American and Turkish diplomats. During the seventies fourteen U.S. officials, including five ambassadors, were murdered and thirty-eight were kidnapped. In the thirteen years since 1967, as many diplomats were killed in the line of duty as were killed in the previous 180 years of American diplomacy. Oddly enough, a survey of 1,100 U.S. diplomats asked, "Generally speaking, do you and your family feel more or less safe in your foreign post than you do in the Washington area?" Of those who answered that question, 243 stated they felt less safe in their foreign post. About double that, 541, said they were more frightened in the Washington area. Terrorism was a distant seventh place in listing their concerns.

There are no easy responses to the need for an energy security policy in the face of inter-country and terrorist threats. It is not as simple as it first seems, recognizing that security is a matter of degree — it takes into account the possibility of external threat and the degree of likely damage. Moreover, power to enforce security is also a questionable variable. James Eayrs in fact recently wrote an article entitled "The Powerlessness of Power." Apart from exercising power there is the deceptive matter of measuring power. Ray Cline has developed an index of perceived power and allocates 523 points for the U.S.S.R. and 421 for the United States. Canada follows with 58, a reading he cites as due to the lack of tenacity of purpose among Canadians. Obviously he is not aware of the tenacity of purpose of those following the Toronto Argonauts or the Winnipeg Jets.

What we should seek, or more primarily, what the United States and allies would like to seek, is a mixture of contentment and co-operation at a discreet and delicate level. The United States has made it clear that it intends to establish a regional security framework in the Persian Gulf area. Canada and other like-minded countries, particularly NATO associates, can probably best indirectly contribute to this framework by their continued forthright contributions to the NATO alliance in Western Europe.

This is not to say that Canada is not recognized within the Middle East as a responsible middle-size power. Our country is perceived as a nation closely allied culturally and economically to the United States, with no imperialistic designs, offering excellent educational facilities, an attractive investment climate and as a reliable supplier of alternative North American technology and design. In recent years I have noticed the self-assurance and confidence Canadian businessmen now display throughout the Middle East. The stereotype of the innocent Canadian abroad is no longer valid. Today's Canadian businessman in the Middle East has qualities of endless patience, a realization of the need to set long-term objectives and an awareness that a sensitivity, if not a thorough knowledge of the culture and the country visited, is essential to success.

The thanks of the club were expressed to Ambassador Taylor by Leland H. Ausman, Secretary of The Empire Club of Canada.

JANUARY 22, 1981

New Policies for the Eighties

AN ADDRESS BY The Honourable Mark MacGuigan,
SECRETARY OF STATE
FOR EXTERNAL AFFAIRS

CHAIRMAN The President,
Reginald Stackhouse

DR. STACKHOUSE:

Ladies and gentlemen: "Canada has always been particularly vulnerable to the impact of outside forces," George Ignatieff has written in *Spectrum*, published by the Canadian Imperial Bank of Commerce, January, 1981. But generally its own people are not aware of it. Perhaps because of our small population, Canadians have never shown more than passing interest in their country's practice of foreign policy. The subject is seldom debated even by the House of Commons, that chamber often being so absorbed with local issues that it seems like a glorified county council.

In spite of such discouragements, however, Canada and the House of Commons have been served by outstanding foreign ministers, their contributions to global affairs often exceeding the potential of their country's size among the world's powers.

To that succession now comes Canada's present Secretary of State for External Affairs, the Honourable Mark MacGuigan, who brings many qualifications to his prestigious but critical portfolio: an intellect honed by years of devotion to studying and teaching the law; a determination made firm by twelve years of parliamentary service; a philosophy illumined by moral and spiritual values.

Born and reared in Prince Edward Island, Mark MacGuigan left that garden province as a youth seeking higher education in Toronto and New York. Later, equipped with two doctorates, he began his professional career as a professor of law in the University of Toronto, moving later to the Osgoode Hall Law School, and in 1967 becoming the University of Windsor's first Dean of Law.

During those academic years, however, he was not a recluse within an ivory tower. He ran twice for public office, and not allowing himself the luxury of discouragement, he offered himself a third time in the 1968 general election. Victorious on that try, he entered Parliament and has been re-elected an impressive four times.

From 1968 until 1980, his many talents were to find their expression in the duties of a private member, a committee chairman, or a parliamentary secretary. Whenever a cabinet shuffle would be mentioned, his name was always on the short list, but for twelve years he had to be content with knowing it is better to be out and have people wonder why you're not in than to be in and have them wonder why you're not out.

At last the light came even to the Prime Minister, and among the better appointments to the present government was that of Mark MacGuigan to the key ministry of External Affairs. In welcoming our distinguished guest, I can assure him the concern of this membership for the portfolio he carries is demonstrated by the fact The Empire Club of Canada has been addressed by every foreign minister Canada has had since the Department of External Affairs was founded.

We are honoured that our current External Affairs Secretary would come to us in his very first year of office, and it gives me great personal pleasure to welcome the Honourable Mark MacGuigan.

THE HONOURABLE MARK MACGUIGAN: Ladies and gentlemen: The capacity of nations to survive or prosper is conditioned in large part by two factors: their understanding of conditions and events in the world beyond their borders; and their flexibility in fashioning their institutions and policies to make survival possible in the world at large. Today, I want to discuss with you the significance of these principles for Canada in the eighties and to suggest a set of policies that might more effectively serve us in this period of radical change. I want, in particular, to deal with ways in which the public and private sectors of the Canadian economy might begin to think and proceed in a thrust to revitalize economic development at home and abroad.

The first prerequisite — understanding the dynamics of change and influence in the world of the eighties — takes us, of necessity, beyond the patterns that have prevailed since the end of the Second World War, to an analysis of things as they really are in this decade and at least through to the end of this century. As you know, for Canada those patterns of economic relationships have had a number of rather clear characteristics — our outward-directed perspective in developing trade relationships throughout the world, our diligence in developing export markets for the riches of our resource base, and, in more recent years, our use of multilateral instruments to try to ensure a stable economic environment essential to an economy that must rely on the international climate.

Our efforts have met with varying degrees of success if our affluence and growth over the years are reliable criteria. But the degree to which we can continue down that path in a quite different and less stable world is open to question. Our efforts exerted in co-operation with other nations and the international institutions generally have borne some fruit in shoring up the stability so necessary for an international trader like

Left to right: Reginald Stackhouse, President of the Empire Club; the Honourable Mark MacGuigan; the Honourable Thomas Wells

Canada, even if we cannot claim one hundred per cent success.

But I believe that our national self-interest now calls for a re-appraisal of the conditions in which we have to do business and for a new look at the nature of the relationship between business and government in Canada in the years ahead. Put more bluntly, I believe there is a very different world out there than the one in which we have traditionally worked to advance our economic development in Canada. It is a world that is far less predictable, and one that calls for more stable and steady relationships if we are to survive.

It is no secret that the course of events in the seventies radically changed the rules of the game. The power shifts resulting from the realignment of energy prices, the impact of technology on traditional cultures and the generally more volatile nature of international relations have outrun the traditional patterns of economic and political power.

A decade ago, at the time of the Third Option, our objective was diversification of our international economic relationship. We saw diversification as a means of strengthening our relationship with the European Community and Japan. This is still a valid goal but the decade of the seventies taught us that the world is much wider than solely our obvious and traditional partners in the West.

Likewise, a decade ago we could not have foreseen or even imagined the transfer of wealth to oil-producing countries that has taken place. This gave new and strong economic power to not only the Middle East, but also to countries like Mexico, Venezuela, Nigeria and Indonesia. These states have emerged as new power centres of great interest to us, either because they can supply oil or because their oil wealth makes them much more interesting economic partners.

And so, for Canada — for both the private and public sectors — new realities have come over the horizon. In a number of fields, the eighties are likely to provide increased economic competition for us. Our manufacturing sector will be under pressure from this competition, particularly the traditional manufacturing industries. Lower labour costs in Third World countries and increasing automation in the manufacturing sector of our industrialized competitors will both offer severe challenges to Canadian manufacturing. The outlook is somewhat brighter for those areas where a Canadian specialty technology has been developed, or where manufacturing activity can be tied directly to the Canadian resource base.

You may ask why a Canadian foreign minister is attempting to peer into the future of Canadian industry. My answer is that I believe that an important dimension of Canada's foreign policy must vigorously address itself to establishing the stable and steady relationships to which I referred earlier.

Economic development in Canada is clearly a matter of priority attention for the federal government, as it is for the provincial governments. And there must be a viable consensus about what direction that development is to take, but I contend that this consensus must include our foreign relationships simply because the foreign trade and development dimension of the Canadian economy is becoming more fundamental than ever.

Important as they are, I believe we cannot continue to view this dimension solely in terms of the marketing of Canadian exports. Our economic development calculations must also take account of the various ways in which our foreign relationships can contribute to Canada's economic growth. We have to begin thinking of foreign countries as sources of investment, skilled labour, technology, energy and strategic natural resources. Foreign countries also provide opportunities for Canadian investors and entrepreneurs, and they thus become potential partners. Our relationships with them can take the form of project development, industrial expansion, licensing arrangements, etc. All of these things in varying degrees can be key inputs into Canada's economic development. It is logical, therefore, to begin seeking out those potential partnerships which can serve our interests best.

Where do governments fit in this picture? I think an important feature of the eighties is the growing pre-eminence of government-to-government relationships in international economic decision-making. For an increasing number of countries in the world, significant economic exchanges and co-operation are the bond for solid political relationships between the countries concerned. And the world of the eighties will undoubtedly see an increase in these state-to-state relationships.

Canada is compelled to examine very carefully how we will respond to this phenomenon and to direct a good deal more attention to systematically developing the kind of political partnerships which our development requires.

All of these factors — the uncertain world of the eighties, the nature of decision-making in economic development, tougher competition for Canada abroad, the need for viable and strong political relationships — convince me that we must pursue more concentrated bilateralism. And I also believe that pursuit must be deliberate and concentrated, if we are to achieve our aim of developing a capability through which Canadian interests can be identified more systematically in these bilateral relationships. It is a course other countries have followed to their advantage. I can think of no reason why we cannot do likewise, particularly with the additional leverage which our resource strength can bring to bear.

The most obvious central bilateral relationship of benefit to Canada is with the United States. In many basic aspects, that relationship is central to our foreign policy considerations and vital to our development. But it is a relationship which we in Canada — both government and business — must manage coherently and productively, with a clear sense of our own economic and other priorities. It is true, no doubt, that some Canadian economic imperatives differ from those of the United States. But this need not deter us from assisting each other in achieving our national objectives.

Other relationships are, of course, vital to us. Our fastest growing markets for capital goods are in Latin America, in the Middle East and with partners not presently among our traditional relationships. I only recently returned from a series of meetings between a number of Canadian ministers and our counterparts in Mexico. There is general agreement that the potential for a durable political and economic relationship between our two countries is very bright.

I believe, however, that we must be very clear about the nature of these bilateral relationships and the qualities they should have. I think that if they are to be consistent and enduring we must be prepared to pursue them on a long-term basis. Our approaches have to be planned. And the execution of our foreign bilateral policy must be coherent. In this, all the relevant instruments of government should be called on to serve the relationship, including cultural exchanges and high-level visits. To the extent possible we shall have to avoid contradictions in our relationships. To achieve this, of course, our criteria for selecting key economic partners for Canada cannot be solely economic. We shall have to take account of a variety of political factors, such as the compatibility of values, cultural links and mutuality of interest in other spheres.

The federal government intends to discuss this bilateral approach to foreign policy with the provincial governments, and to develop it further in consultation with business and other leaders in Canada. But the main lines of the policy are clear: Canada is looking outward towards more significant partnerships in the world.

I believe that pursuing these relationships is consistent with our broader purposes in foreign policy. We will continue to look for multilateral conciliation and solutions of the world's problems. We must not permit the instability of the eighties to which I referred earlier to sound a retreat from this approach. But there is a huge potential in our developing strong bilateral relationships. We should be visible and active in places like Mexico City, Seoul, Singapore, Jakarta, Lagos, and Brasilia, to name just a few. There should be ministerial visits, and we should encourage and facilitate efforts of the private sector to find opportunities in these new centres of wealth and influence.

Such a policy would also support our overall commitment to improving co-operation between the North and the South by intensifying concrete ties with some of the newly industrializing countries which are among our best potential partners. It would also support our efforts to increase our aid levels to the poorest countries.

In summary, new times call for new departures. Events which we could not have foreseen a decade ago are now upon us and our continued development requires a recognition that while interdependence among countries may be essential, our best course is to select the kinds of bilateral relationships that can prosper and endure and serve Canada's economic interests. This will call for a new and closer relationship in the aims and policies of both government and business. Government-to-government relations must be developed and nurtured in the interests of a wide variety of economic ventures which, ultimately, will ensure significant national benefits to Canada.

It is a challenging prospect, and one which calls for clear-sightedness in its implementation. But the benefits — political and economic — will pay dividends. It is, in the end, our best bet for survival in an otherwise difficult world.

The thanks of the club were expressed to Dr. MacGuigan by Marvin Gelber, Honorary Treasurer of The Empire Club of Canada.

JANUARY 29, 1981

Schooling — The Problem or the Answer?

AN ADDRESS BY The Honourable Bette Stephenson,
MINISTER OF EDUCATION, MINISTER
OF COLLEGES AND UNIVERSITIES,
PROVINCE OF ONTARIO

CHAIRMAN The President,
Reginald Stackhouse

DR. STACKHOUSE:

Ladies and gentlemen: Although it has been one of the most overlooked social developments of the modern world, the public funding of education has been one of the most significant. Until the nineteenth century, schools depended on families and charities. But for a variety of reasons, governments in the nineteenth century added education to their budgets, and with that change made today's world possible.

That is not an exaggerated claim. We can see it from even a brief consideration of how much we depend on each other's education. The satisfaction of almost every need requires someone's education.

This meeting itself demonstrates that. The notice we received (or perhaps did not receive) required the education of the person who wrote it and the person who printed it. The hotel we meet in functions because of the skills its army of trained people put at our disposal. And most of all our speaker today makes it possible for this public forum to think seriously about education in the Ontario of tomorrow.

Without an adequate education program this country's small population could not keep Canada among the world's seven leading industrial nations, and the minister of education in its largest province is therefore a social leader The Empire Club of Canada is privileged to hear.

The Honourable Bette Stephenson came to this key ministry in the provincial government after a long and demanding preparation. It began with her own professional development as a physician. She graduated from the University of Toronto as a doctor of medicine in 1946 and later became first Head of the Department of Family Practice in the Women's College Hospital. She organized and chaired the first National Conference on Education for General Practice in 1961, became president of the Ontario Medical Association in 1970, and president of the Canadian Medical Association in 1974.

Fortunately for Ontario, she was not content to confine herself to medical practice and professional activity. Dr. Stephenson successfully stood for a seat in the Ontario Legislation in 1975, and was appointed immediately to the provincial cabinet as Minister of Labour. After a successful tenure in that frequently controversial ministry, she was moved to the education department, adding to her portfolio responsibility for the Ministry of Colleges and Universities.

In these past six years, she has made her reputation with the people of Ontario as a forthright debater, a government leader able to make hard decisions in the face of conflicting pressures, and a communicator able to explain and persuade. It is a privilege for The Empire Club of Canada to welcome Ontario's Minister of Education, the Honourable Bette Stephenson.

THE HONOURABLE BETTE STEPHENSON:

There is a compelling reality which rapidly assaults and pervades the consciousness of newly minted ministers of education. It is that "education" is a matter about which everyone has concern or opinion or both. One soon discovers that the concerns and opinions are directed almost totally toward that part of the Oxford definition of education which states "the systematic instruction, schooling or training given to the young in preparation for the work of life" rather than to the more generic first definition, "the process of nourishing, rearing or bringing up young persons."

The use of education and schools as interchangeable terms is a relatively recent phenomenon — and I am not at all sure it is appropriate, for no matter how humanely and sensitively comprehensive a school or instructional program is, it encompasses only a few of the multitude of sites, experiences, and relationships in which each of us acquires education.

If we examine the goals, programs and reports of schools, colleges and universities we might think that they alone furnished the citizenry with education and, of course, they have a major responsibility. But if I were to ask each of you, "Where did you get your education?" I would receive many different responses: parents, grandparents, church, the armed forces, service clubs, sports teams, the press, TV, employers, advertisers, apprenticeships, libraries — many agencies and facilities have contributed to the education of all of us.

Dean Duncan Sinclair of Queen's University says:

> The rapidity with which the child learns to speak and understand two or more languages in an environment where they are spoken routinely is a sobering example of education at its best to those of us who have struggled in formal settings to learn a "foreign" language later in life. Ask any cabinetmaker, any craftsman, where and how he acquired his skill. If he is honest he will tell you that he is still learning from each piece of furniture he makes

> and that his education is still continuing. He who claims to be fully educated is a fool. Education is a process. It continues and gives truth to the old adage, "It's a poor day you don't learn something."*

In our society we are educated not just in an organized system but in a loose-knit arrangement of institutions, facilities and individuals which forms what Lawrence Cremin calls "the educational configuration." It is flexible, varied, rich in resources and as much a part of the texture of a free society as is freedom of speech.

Schools provide education, but so do news agencies, film producers, publishers, and even politicians. Like it or not, the promoters of Coca-Cola, for example, have throughout the world systematically furnished instruction on lifestyles, taste and attitudes.

Does that mean that everything we experience is a part of education? Not really. Cremin points out that "Earthquakes may produce even more significant changes in understanding, behaviour or sensibility than education." But experiencing earthquakes is not education unless one deliberately sets out systematically to learn from them.

Schools have come to be regarded as the main medium of education. But it was not always so. If we look back only a short way in history, we find that churches ran the schools: one learned to read in order to be able to read the Bible and save one's soul. Going back even further, the apprenticeship system was the primary component of the educational configuration. A person who went to school was serving an apprenticeship as a clergyman. At the end of schooling he produced his masterpiece, a dissertation, and was given the degree Master of Arts. The craft guilds through apprenticeship taught a whole way of life, not just a trade, and they jealously resisted any attempt by others to share their role. Thus when St. Francis de Sales first tried to teach students to write in his school in Paris, he was attacked furiously by the guild of scribes for infringing on their prerogative of teaching writing. He had to promise that he would not attempt to teach his students more than the rudiments.

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*From "The Education Business," a speech to the Bermuda Chapter of the Queen's University Alumni Association, November, 1980.

At this time, however, when we think about education we think about schools, colleges and universities and inevitably about our expectations of them. To have expectations is to care about the future of our young people. What is the future that awaits today's students? The general consensus of the prediction of thoughtful futurists indicates that the final two decades of this century will hold for us:

- continuing inflation and financial restraint;
- a decline in job opportunities for the highly educated and for unskilled youth;
- a reduction in the per capita consumption of energy;
- an aging population;
- the gradual replacement of the nuclear family by alternative family structures;
- increasing pressure on Canada to accept large numbers of immigrants from countries undergoing political upheaval;
- more sophisticated and accessible data-processing techniques and electronic media;
- increased threat of nuclear destruction and growth of terrorism;
- greater need for environmental control and conservation of natural resources;
- shifts in the existing economic balance within Canada;

- continuing difficulty in making accurate labour market forecasts;
- scientific advances in cybernetics and the control of mechanical, biological, and electronic systems;
- increased need for individuals to adapt to a variety of career patterns and lifestyles within one's lifetime.

It is obvious that the world will continue to change and that Ontario will change with it.

The means of change are all about us. Bookstores are vending advice on how to make a fortune out of the ruin of our fellow man. We are surrounded by lobbies and interest groups campaigning for unconditional surrender to their demands. Each of them, taken singly, might sound quite reasonable. But there seems to be no limit to their demands and precious little concern for the common good. Each is out to ensure that its own members benefit from the proposed changes, and devil take the hindmost. And when all these demands are put together it becomes apparent that the role of the education system cannot be to satisfy everyone who makes demands. If we try to satisfy the most aggressive and sophisticated groups, the people most in need will probably be those who lose most in the process of change.

Change should not make us apprehensive. It should be viewed as a challenge and an opportunity. If Ontario is to maintain its leadership role in education we must ensure that the challenge is met for the benefit of all and the opportunity seized on the firm foundation of a value system which has withstood the twin tests of time and the vagaries of the political system.

Would there not be merit in the integration into the curriculum of positive support for those time-honoured virtues whose light has been dimmed by the dust of society's headlong pursuit of material gain and self-gratification — probity, truthfulness, charity, thrift, obedience to the law, respect for oneself, for others and for the value of work? If we agree that merit exists in such action, should the schools alone be expected to provide leadership?

The time has come to face squarely all the disappointments our schools have suffered. Do you remember how in the sixties many thought that with early childhood education we were going to produce a society of equal opportunity and equal result? The cure for all the ills of society was supposed to be school. But a careful scrutiny of results showed that schools could do little or nothing to close the gap between the haves and the have-nots. We now know that the family and the community have far more influence than schools on educational achievement.

A recent California study reveals that television is a more powerful influence than school. Apparently the more TV a child watches the worse he or she does in school. Can school compete with a well-organized sustained advertising campaign? I doubt it. Even the lyrics of rock music seem to have a greater impact on values than do our schools. We have to conclude that the school cannot fully compensate for adverse educational influences in the community. And in parts of the western world, the schools themselves are suffering malaise. Some public school systems seem perilously close to collapse.

In some North American cities there is racial gang violence, drug peddling, rape and prostitution in schools which are permeated by an ethic of underachievement called "dumb chic" and aimlessness, and marked by uncertainty of economic support. In those cities, parents with next to no money are scraping together whatever cash they can to send their children to private schools with class sizes of sixty or sixty-five. Anything to get their kids out. Could it happen here? Is it happening here? Let's not be smug. Unless we plan and act in mutually supportive fashion, it *could*

The Honourable Bette Stephenson,
Minister of Education, Minister of Colleges and Universities,
Province of Ontario

happen here. Are we courageous enough to help children to learn the difference between right and wrong, good and evil, and the consequences of both? Are we concerned enough to ensure that all parts of the educational configuration assume and discharge their educational responsibilities.

If we care about the future of all the individuals in our society, we will have expectations about how their educational needs are to be met. While we need an education system that will be concerned with the common good in the midst of all these turbulent crosscurrents, it must also be a system which envisages each student as an individual learner.

The goal of education should be to help each student:

- to become responsive to dynamic processes of learning;
- to be resourceful, adaptable, and creative in learning and living;
- to organize the basic knowledge and skills needed to comprehend and express ideas through words, numbers and other symbols;
- to value and maintain physical fitness and good health;
- to enjoy satisfaction from participating in and sharing the participation of others in various forms of artistic expression;
- to build a sense of self worth;
- to understand the role of the individual within the family and the role of the family within society;
- to develop skills that contribute to self-reliance in solving practical problems in everyday life;
- to accept personal responsibility in society at local, national and international levels;
- to respect the customs, cultures, and beliefs of a wide variety of societal groups;
- to acquire skills and attitudes to respond to the expectations of the world of work;
- to acquire a commitment to wise interaction with the environment and to understand the need for conservation of natural resources;
- to acquire values related to personal, ethical or religious beliefs and to the common good of society.

I believe that we will find consensus on the goals of education. But what about the means to achieve those ends? Can we find consensus on that? Achieving the goals is indeed a gargantuan task. In the past, many have assumed that they could expect the schools and colleges and universities to take care of education for them. It is time to question whether that is the right way to proceed. Far too much is at stake for the achievement of these goals to be left solely to the school system.

As we look for the means to achieve our educational goals, let us not dismiss the schools' achievements altogether. Schooling does make a difference in society. The 1979 report of the Organization for Economic Co-operation and Development, *Future Educational Policies in the Changing Social and Economic Context*, makes the following statement:

> The raising of levels of education in the population as a whole is an irreversible social phenomenon, the consequences of which have already affected, and will continue to affect, social life, employment conditions, and attitudes to work. Economists have long stressed the widespread external effects that higher educational levels could have on the social, economic, and cultural life of a nation. A person's cultural "consumption" is, for example, closely linked to his level of education.
>
> Apart from salary and socio-economic status, the level of a person's initial education has been seen to affect such diverse aspects of life as the acquisition of further skills, choice of marriage partner, size of family, and level of children's education, consumer behaviour, handling of savings, choice of household investments, political attitudes, degree of social deviation, choice of leisure activities, level of activity of women (other than those with young children), or time devoted to children.
>
> In general, education increases a person's knowledge, his or her capacity to solve problems in a rapidly changing world, his or her ability to plan for the future rather than be content with the present, and thus his or her

> capability to make important personal decisions. In addition, transfers from one generation to another take increasingly the form of cultural and human capital rather than one of merely money and property.

The schools will try to make acute learners of our young people and adults, but the whole community, the entire educational configuration will have to share the responsibility of making them knowledgeable enough and wise enough to survive. That burden of responsibility is onerous — but vital.

For parents, it means recognition of the fact that parenthood is a privilege rather than a right. It imposes obligations to provide a loving, supportive home atmosphere with opportunities for frequent verbal interchange, safe, stimulating exploration, varied play experiences, visible support of the value systems and/or religious belief and active participation in school-related activities.

For teachers, it means commitment to real professionalism — including adherance to a code of ethical behaviour, the maintenance of professional competence and — especially at the secondary school level — apparel and language befitting the important role of guide and mentor to impressionable adolescents.

For the ubiquitous invasive media (TV, radio and press), it means an understanding of their influence in education, frequent interchange with other parts of the education system, acceptance of the duty to use exemplary language in all public broadcasting — and open channels of communication for the exchange of ideas and knowledge to facilitate greater mutual understanding amongst all those involved in the educational configuration. The current chaotic confusion of this configuration could thus be eliminated, and the destructive isolation of schools from society ended.

The answer lies in the development of a skilled, concerned and dedicated education community within an educational configuration which recognizes schools as one major medium in a common pursuit. Then, as a result of shared values and mutual understanding, our expectations of our educational system can be realistic, worthy of the past and appropriate to our future.

The thanks of the club were expressed to Dr. Stephenson by Ronald Goodall, the Treasurer of The Empire Club of Canada.

The 77th Year
Past President's Dinner

in honour of

John A. MacNaughton
Immediate Past President

at the Royal Canadian Military Institute
Tuesday, February 3, 1981

PROGRAM

Chairman
Reginald Stackhouse
President, The Empire Club of Canada

Vice Regal Salute

Silence in memory of
J. Palmer Kent
President, 1962-3

Grace
Harold F. Roberts

TOAST
The Queen
Proposed by the Chairman

Greetings on Behalf of
Her Majesty Queen Elizabeth II
The Honourable John B. Aird
Lieutenant-Governor of Ontario
and Honorary Vice President,
The Empire Club of Canada

TOAST
Canada and the Commonwealth
A. Carlyle Dunbar

Response
R.H. Hilborn

TOAST
The Empire Club of Canada
and its Past Presidents
Montague Larkin

Response
Reginald W. Lewis

Presentation to the Guest of Honour
The Chairman

DR. STACKHOUSE:

Your Honour, ladies and gentlemen: It is my very pleasant duty to bring this outstanding program to its finale by making a presentation from the club to our Immediate Past President. The rhythm of the club's year requires that the President sing a hymn of praise not once but three times to his predecessor, once at the annual meeting, once at the Christmas luncheon, and then a third time at this dinner. No duty could be easier or more welcome. I speak for all in saying John was a great President, and I speak for myself in adding, he has been a stalwart colleague.

In making this presentation, however, I want to focus our attention, not on the past, but on the present and future. John has now joined a most exclusive and worthy club, a club within a club, the club of Past Presidents. The initiation fee is high, a whole year as President, but the rewards are many.

As a Past President, John can never be just an ordinary member, not even an ordinary Past President.

There are no ordinary Past Presidents. There are only "distinguished Past Presidents." He must always be seated at the table reserved for these sincerely respected members of the club senate. He may not get anything to eat if he comes too late, but at least he will get a seat. And at that table he will be in a strategic location to keep an eye on the President, to fix on him a cool though concerned stare if it is feared he is not starting the program on time.

So the future holds promise for John. No matter how many stresses and strains there may be on Bay Street, no matter how many leadership crises the Progressive Conservative party may suffer, there will always be at least this rock in the storm, the camaraderie of those few, but happy few, the distinguished Past Presidents of the Empire Club.

But if the future holds promise for John, he also offers promise to the future. At a young age he has already attained a senior position in one of this city's and this country's major investment houses. Son of a respected family in this province, he has earned greater respect for his name throughout this country. The outstanding leadership he showed the club will surely prove to have been but a foretaste of the leadership he will give in wider spheres still. He comes from western Ontario and from origins that another western Ontarian, John Kenneth Galbraith, has taught should be called Scotch, not Scottish. Towns like Exeter and families like the MacNaughtons have produced most of Canada's leaders, and in our guest of honour tonight we have their values incarnate before us.

This gift expresses the high esteem of his fellow Past Presidents, fellow officers and fellow Directors. We know the price of silver has dropped, but when we ordered the tray, it was up! In offering this tray to John, I assure him that we hope his association with the club is always such that, if any clouds do come his way, they will always have a silver lining.

MR. MACNAUGHTON:

Mr. President, Your Honour, distinguished Past Presidents and fellow officers and Directors of The Empire Club of Canada.

Thank you, Dr. Stackhouse, for your kind words and also for this very elegant tray. Both your words and this gift will be part of the "movable feast" that my Empire Club presidency has been and will be in the years ahead.

I must say that in listening to your generous comments, Mr. President, I recalled and identified with a story told by the Most Reverend Donald Coggan, Archbishop of Canterbury, when he addressed us in 1975. He began with an anecdote of a man who was introduced, perhaps over-flatteringly, at a dinner meeting. When the man finally stood up he said that he felt that he had to offer up two prayers for forgiveness: one, for forgiveness for the man who had introduced him because in his generosity he had told so many lies and the second for himself, because he had enjoyed it so much.

I know how he felt. Thank you, Reg. I acknowledge the hyperbole but at the same time I appreciate greatly the sentiments you have expressed on behalf of my friends gathered here this evening.

It was just about one year ago that our then Immediate Past President, Reg Lewis, phoned me to report that Reg Stackhouse had accepted the nominating committee's invitation to be club President in the 1980-81 season. My reply was, of course, that I was delighted. I also observed that as a result I would have the distinction of having my name on the Past President's role, comfortably wedged between two Reginalds, one of whom was a Brigadier General, the other of whom was a Doctor of Divinity. To this General Lewis replied, "What a spot! On the one hand a Reginald to put you down and on the other one to lift you up."

I can't say that I ever felt the threat of a put-down from either side. But I have been reassured to be flanked by both a protector for the body and for the soul.

However, on the side of protection for the body I might tell you that I was on the east-bound Queen streetcar one evening when it stopped at Sherbourne Street in front of the barracks to discharge a large number of timid looking young reservists, presumably members of the Lewis Light Infantry, and I concluded that if Canada is ever threatened with invasion I might be more secure through a Stackhouse call for divine intervention than through a Lewis call to arms.

Before sitting down I would like to make some brief comments on our club which was eloquently toasted this evening by Montague Larkin.

For me the presidency of The Empire Club of Canada was a trust. I didn't approach the task with that view but very quickly came to that conclusion. The value of the institution that our predecessors have created and we are charged with preserving becomes evident when one begins to organize and realizes the reputation that our club has built over seventy-six years. Let me cite some examples from my own experience.

First we have a reputation for being a prestigious forum where meetings are conducted efficiently and tastefully.

Very reassuring evidence of this came in the summer of 1979 when it was announced that President Carter was planning a visit to Canada. I contacted American Ambassador Enders in Ottawa to offer to host a luncheon or dinner for the President. His response was immediate and specific. He said that if it was decided that a public address should be part of the agenda that the Empire Club would be the platform that he would prefer and that he would recommend to the State Department that our invitation be given active consideration. Subsequent phone calls from both the

U.S. Embassy in Ottawa and the Canadian Embassy in Washington confirmed that he was as good as his word.

We also have a reputation for a commitment to oratorical excellence. I have mentioned before my next-door neighbour, a literate Irishman from Dublin, who is a field producer for CTV; he commented to me once that he always enjoyed covering Empire Club events because, "Your club is the only one in Canada where public speaking is regarded as an art form." Reinforcing the same point was an observation made to me by Geoffrey Stevens that "Every major national politician I have covered has given the best speech of his life at the Empire Club. Not only does the club get the best speakers; it has the ability also to draw their best from them."

Finally, we have a reputation, and I don't say this jokingly, for being non-partisan. With Ontario just beginning an election campaign I don't want to make too much of a virtue out of non-partisanship in all quarters, but in the programing and conduct of a speakers club it is in my view an essential quality. That we have successfully built a reputation for being respectful of and available to leaders from all political points of view was underlined for me by two developments last year, both of which were very gratifying. The first was that when the 1980 general election was called Ed Broadbent's office phoned to enquire if we would schedule a meeting for him. The second was that out of a file of invitations to address virtually every prominent organization in Canada, René Lévesque selected ours. He made only one speech outside of Quebec during the referendum year and he chose the Empire Club as his audience.

That neither of these men found a natural constituency at the Empire Club did not matter to either of them, any more than it did to Joe Clark or Jean Chrétien or Brian Peckford. What did matter to them was that they regarded our membership as one that had an honest interest in their views, a willingness to give them a hearing and a tradition of a respectful reception. None asked for any more and our reputation is that none receive any less.

To be charged, ladies and gentlemen, with being President of an organization with such a reputation was a rare honour and at the end of my term, when I had a deeper understanding of the nature of the club than I did at first, I was even more flattered to have been asked to serve than I had been at the outset.

The privilege is one for which I am deeply grateful and the experience is one I shall always remember. I feel somewhat guilty tonight receiving a gift for undertaking an assignment where the rewards in learning opportunities, participation in a worthy undertaking and in fraternity have already been so great.

Rather than receiving thanks I should be giving them. And in conclusion that is exactly what I shall do. To all of you — Past Presidents, officers and Directors — thank you for the opportunity to preside over our distinguished club; thank you also for your good work during my term of office and for your constant support and for your valued guidance; and finally thank you for your warm friendship which I have enjoyed and look forward to continuing to enjoy in the years ahead.

FEBRUARY 5, 1981

Canada and the U.S.— Border or Bridge?

AN ADDRESS BY Henry Ford II,
CHAIRMAN OF THE FINANCE COMMITTEE
AND MEMBER OF THE
BOARD OF DIRECTORS,
THE FORD MOTOR COMPANY

CHAIRMAN The President,
Reginald Stackhouse

DR. STACKHOUSE:

Ladies and gentlemen: It would be easy to think that the world has many Henry Fords. One leading auto maker is called "the Henry Ford of West Germany." Another has been dubbed "the Henry Ford of China." Wherever cars are made, the name "Henry Ford" is part of the language.

The very weight of such a name might have crushed a lesser man, but not the second industrial leader to bear this name. At the age of twenty-eight, our distinguished visitor assumed command of the empire his grandfather had created and governed. He quickly showed he was cast from the same mould — and went on showing it through fifteen years as president, and twenty as chairman of the board. But it was no easy succession.

The throne he mounted in 1945 was shaking. The company was losing money at a reported ten million dollars a month. Fear was high, morale was low. Tensions were many, expectations few. But not for long. Gathering around him one of the finest management teams modern business has ever known, Henry Ford II renewed his company's strength as an American giant, and then built it up to multinational stature.

As one biographer's assessment puts it: "Henry Ford I created the company and made it big; Henry Ford II saved it and made it bigger."

As chairman of the Ford Motor company's Finance Committee, he remains associated with the business, and he is also continuing his leadership in public and social projects. He once summed up his philosophy of business in three words: "Products, profits, and people." And the record shows he has put as much emphasis on the third as on the first two.

We have time to recognize only a small number of the service positions he has held: chairman of the National Alliance of Businessmen, a group of business leaders in the United States seeking jobs for the hardcore unemployed and for disadvantaged; chairman of the National Center for Voluntary Action, an organization for stimulating private action to solve community problems; chairman of the trustees of Henry Ford Hospital; chairman of the Detroit-Fort Wayne Port Authority; member, board of governors, United Nations Association; trustee, the Ford Foundation.

One of the most impressive, even exciting, demonstrations of his social leadership, however, is also one of the most visible — the towers of the Renaissance Center rising up in the heart of Detroit and giving that city a new heart. This high-rise complex of offices, banks, stores, theatres was called "renaissance" to express its builders' hopes it would give the city a new birth and a new life. That it was built at all in the face of racial tension, economic recession and urban blight demanded the kind of leadership that only Henry Ford II could give Detroit.

It is a great privilege for the club to be addressed by a business leader with an active social conscience and, I am glad to say, a *Yale* education. Ladies and gentlemen, will you please welcome Mr. Henry Ford II.

MR. FORD:

Ladies and gentlemen: It has been almost a year now since I held day-to-day executive responsibilities at Ford Motor Company. Standing back from my former duties has, frankly, given me a new perspective on issues of concern to business, and I want to share some of that perspective with you here today.

Successful business managers these days require a clear understanding of the impact of national and international politics on the future of private enterprise. I am certain nobody here needs to be reminded of this.

Today, the United States is sixteen days into its fortieth presidency. It is difficult at this early date to be precise about what this may mean for the future. But the transfer of leadership in Washington, it seems to me, offers an appropriate time for both Canada and the United States to take stock; to explore together some shared concerns and expectations; to define where we are and where we should be headed; and to set the course towards achieving some common goals.

As President Reagan enters his third week in office, it is evident that he has assumed leadership over a nation whose fundamental assumptions — its economic and political touchstones — have been altered dramatically in recent years.

Following the Second World War, the United States held undisputed military leadership as well as financial, industrial and technological supremacy. Today, in many respects, the Soviet Union matches and even surpasses the U.S. in military strength. Oil-producing countries have gained enormous power in world financial markets. And other countries, particularly Japan, are outmanoeuvring U.S. industry and technology at every turn.

Canada, with its complex network of economic ties to the United States, has not remained immune to

Henry Ford II,
Chairman of the Finance Committee,
Member of the Board of Directors,
The Ford Motor Company

this shifting tide of historical events. One could even say that the United States is today as different from its own postwar years as Canada is from the period when the "Empire Club" meant *Empire*!

All of this, it seems to me, adds up to a convincing argument for a concerted effort by Canada and the United States to address the future together — with renewed co-operation, understanding and sensitivity.

We have a strong tradition of co-operation between our two nations. It has become commonplace to describe the U.S.-Canadian border as the longest unprotected international border in the world — no small achievement in this day and age. But I am sure that, from the Canadian perspective, Washington often appears self-satisfied with that peaceful border and somewhat complacent towards its northern neighbour, prepared to voice convenient platitudes about co-operation, while leaving the real work of co-operation to some more convenient time.

Faced with the dramatic changes we have seen occurring over the last three decades, neither the U.S. nor Canada can afford this kind of complacency.

We have been through some difficult periods together in recent months, and the rapport between our nations has not been perfect. The list of common concerns is familiar to all of us — fishing disputes on the east and west coasts, environmental concerns, and a range of issues covering energy, trade and other economic questions. On the specific conflicts which have clouded our relations, I have no special insights; it would not make much sense to inject my opinions into issues that our public officials have been grappling with for years.

Unfortunately, the resolution of these concerns has been complicated by a peculiar habit in Washington to take its friends for granted. At least in *this* respect, I think we can expect a noticeable change in the new Administration. We have already seen some important gestures.

As President-elect, Mr. Reagan took a symbolic step in meeting with the President of Mexico, on Mexican soil — signaling his desire to improve understanding and co-operation with our neighbours. I am certain he will meet with Prime Minister Trudeau at the earliest possible moment. I hope it will be here in Canada. However, such gestures have little meaning unless they are followed up by decisive efforts to solve more fundamental problems.

It will not be easy, but together our two nations possess enormous resources. I am not just talking about agriculture and oil and other natural resources. The real strength — the real resources of North America — reside in the hands and hearts and minds and labour of its people, and in its common institutions and traditions that go back centuries.

We will need to marshal all these resources to deal effectively with basic, structural economic problems — including declines in productivity and capital formation; deficit spending and over-taxation; soaring inflation and interest rates; massive trade imbalance, and what academics call "the problem of maturing industries" or "slow economic rot."

The impact of all these factors can be seen in both our nations to a greater or lesser degree, in steel, in construction, but no more dramatically than in the auto industry, an industry that the former U.S. Secretary of Transportation has called "a vital mobilizing force in our defense capability."

Before leaving office, the Secretary issued a powerful warning against relinquishing the North American automotive market to the Japanese. "Our strategic position," he said, "could be gravely undermined were we to depend on others for our basic manufactured goods."

This warning is not irrelevant to Canadian public policy.

In the United States, the auto industry accounts for 8.5 per cent of the nation's gross national product. In 1980, the industry accounted for twenty-one per cent of the demand for U.S. steel, twenty-five per cent of the cast iron and machine tools, and twenty-two per cent of the aluminum, as well as significant amounts of rubber, glass, lead, textiles and electrical components. To allow this industrial capacity to move offshore would render the North American defence capability unacceptably vulnerable. Yet, a minority of vocal doomsayers are counselling just such a move — as a way to solve our current economic dilemmas!

Some economists are hoping for "a thorough-going financial crisis" as the only solution to inflation. Others are cashing in on current mass anxiety by peddling books to prepare people for the coming "depression," or "crash," or mass unemployment. You name the economic disaster, and there is a best-selling book to prepare you for it! This kind of madness is reflected in the mass hysteria that recently caused forty billion dollars in accumulated wealth to be wiped off the books when supposedly sober Wall Street professionals responded to a single cry of panic selling.

Such fears feed on themselves. The problem is that there is just enough evidence of economic vulnerability to give credibility to these peddlers of desperation.

On the surface, the current plight of the North American auto industry appears to provide such evidence. For example:

— Twenty-five per cent of the American and eighteen per cent of the Canadian automotive work force is still on layoff;
— Some 140 U.S. supplier plants have been shut down;
— Some 2,100 dealers have closed their doors since January, 1979.

What has brought the industry to this point is neither simple nor easy to explain. It is clear, however, that rapidly imposed government regulations, including tough, costly emission and safety standards, combined with the crisis in world energy, were triggering factors. Chaotic national fuel allocation policies, which produced anxious, panicky lines at the gas pump, forced an overnight shift in consumer demand.

Unfortunately, the auto industry is not geared to dramatic swings in customer tastes. Car designing is obviously not like dress designing, though our critics sometimes think it is. From drawing board to assembly line requires between three and five years of dedicated effort to produce a new line of cars. There are no shortcuts.

The North American auto industry responded to the demand shift with a massive, eighty billion dollar redesign and retooling effort — amounting to an industrial revolution unprecedented in peacetime. The Canadian contribution to this retooling effort should be a source of immense pride. Two weeks from today in St. Thomas, Ford will introduce sporty versions of its "World Cars" — cars which have distinguished themselves in performance, in sales and public acceptance. They have been six years in development and testing, and the Canadian-built EXP and LN7 mark the second stage in a plan to introduce new and improved products roughly at the rate of one every six months. In addition, Ford will soon bring on stream a major new engine plant in Windsor — to produce a new generation of fuel-efficient V-6 engines, giving a long-awaited boost to automotive activities in that area.

The energies currently being dedicated to this revolution on both sides of our common border — the extraordinary design and engineering talent, the creative use of new technology and materials, the labour and management skills — make pure hogwash of those who claim that the auto industry in North America is suffering from an irreversible case of industrial rot. On an annual basis, the auto industry is investing amounts as large as the gross national products of Ireland or Egypt or Morocco to achieve this industrial transformation.

But, as I have indicated, of course such revolutions do not occur overnight. And meanwhile, the Japanese set their targets on what amounted to a windfall opportunity. And they began shipping to North American shores seemingly endless cargos of small, fuel-efficient vehicles — developed over many years in an airtight, protected market.

The impact has been stunning. Japanese imports now comprise some twenty-one per cent of the U.S. and Canadian markets, up from an average of fifteen per cent a year ago, and under fourteen per cent two years ago.

Ford Motor Company in the U.S. has appealed for voluntary restraint by the Japanese during this transition period. We also called on the Japanese to assume a stake in the North American market by producing some of their vehicles in the United States. While appearing willing to consider such proposals, Japanese auto makers continued to produce cars in dramatically increasing numbers. And in 1980, Japan surpassed the U.S. as the largest auto producer in the world.

Restrictions imposed on imports by other countries have diverted more and more Japanese cars and trucks into the open North American markets. The U.S. tariff on car imports is currently less than three per cent, while the European Economic Community enforces a tariff on car imports roughly five times that rate. And the EEC is now preparing for a showdown with the Japanese which is expected to result in further European restrictions on Japanese imports. Outside of Europe, automotive trade barriers are even more impenetrable.

We are not asking to close the door on Japanese imports. We are asking for "orderly marketing," reasonable restraint and sensitivity to those who hold one in twelve jobs in the United States, during the current period of industrial upheaval.

The symbol of an enlightened approach to such concerns is embodied in the U.S.-Canada Auto Trade Pact, signed sixteen years ago last month. It isn't perfect, and it is properly being reviewed for adjustment. But the mutual benefits growing out of the Pact represent one of the success stories of modern international co-operation.

As you know, Japanese imports do not fall within the terms of this Pact, and such imports are able to flood both of our markets, freely exploiting the benefits of lower cost structures.

I still sometimes hear the old canard that "Detroit" has only itself to blame for its present problems. Even if this allegation were wholly true (which those in Washington have come to realize is not so), I cannot see any point now in dwelling on the past. The question is: What is required now?

This is a question that applies across the board, across all industry, throughout all of North America. And, again, this is the question that we need to address co-operatively, jointly, bringing to bear on our mutual problems the best Canadian and American minds that we have. Because we are in this together.

Among other things, we need to explore together a variety of incentive policies that directly and indirectly help business — including investment tax credits, inventory allowances and "fast write-offs" on new and used machinery.

We also need to pursue new approaches to job satisfaction, and the auto industry has made great strides in this area in recent years. Generally speaking, leaders of organized labour have seen the benefits of producing higher quality work per hour. Joint industry-labour programs on the production line are benefitting everyone. Recent improvements in quality and cost reduction are due, in part, to labour and management working more closely together. Other benefits have come from this co-operation, such things as greater employee input and greater employee satisfaction.

I believe that this improved working relationship will continue in the future. And more can be done. But first we must reject the notion that continued decline in North American financial and industrial strength is inevitable. We must reject the idea, fostered in some academic circles, that solutions to our economic problems can only follow what they are calling the "moral equivalent of defeat."

This is sheer nonsense.

What industry needs is a clear policy, an industrial policy, that endorses the notion that public decisions — laws, regulations, taxes, standards, and so forth — should take into account the revitalization of the North American industrial base as a fundamental goal.

During the past decade, we in the United States have seen a massive expansion of the government's role in business, often intruding unproductively into management decision-making processes. Given the government's stake in the economy, it's clearly time for greater co-operation between the private and public sectors. Why, for example, has it taken the better part of two years for Washington to determine whether it can negotiate with the Japanese government on voluntary restrictions of its automobile products — a matter of international economic importance? Why hasn't the government taken more aggressive action to encourage capital formation? Why hasn't it viewed regulation of industry with a more flexible set of deadlines and cost-to-benefit analyses, and why hasn't it been more consistent in handling balance-of-trade questions, particularly in providing incentives for export?

We are already seeing some hopeful signs that significant changes are in the offing. I believe that there is a real appreciation of the fundamental economic issues we face in North America among those coming in with the new Administration in Washington.

As a "key to restoring U.S. competitiveness in world markets," President Reagan has called upon both business and government "to lay aside old hostilities and replace the adversary roles they have come to assume with a new spirit of co-operation and shared responsibility." This is a promising start, and it assumes that a re-invigorated industrial base can be achieved.

The idea of some kind of North American accord between Canada, the United States and Mexico, raised by President Reagan following his election, was, I'm sure, suggested in a spirit of mutual trust and co-operation, and was conceived to strengthen North America's ability to confront the historical trends I referred to at the outset. Whether or not this particular approach has merit, the idea of closer North American co-operation in meeting our mutual goals deserves close attention. From all appearances, the Reagan administration has placed this idea high on its list of priorities.

A new atmosphere pervades Washington these days. The change of Administration and the return of the remaining hostages from Iran have coincided to provide a framework for fresh beginnings and new hope. The settlement of the hostage issue also served to remind us all of the remarkable and humane role Canadian diplomats played in liberating United States citizens from that troubled cauldron of conflicting forces. The outpouring of gratitude for this singular act of courage served to highlight the underlying respect, good will and common purpose that is the foundation of relations between our peoples.

I have great confidence that, in the months and years ahead, we will be able to build on that foundation with fresh resolve; confront our common concerns with new unity of purpose; and marshal our joint resources for the betterment of both our nations.

Together we can confound the defeatists and doomsayers — and we can make our continent richer, stronger and more productive during the decade ahead than any of us dared hope.

The thanks of the club were expressed to Mr. Ford by Catherine Charlton, a Director of The Empire Club of Canada.

FEBRUARY 12, 1981

Canadian Federalism Today

AN ADDRESS BY The Right Honourable Joe Clark,
LEADER OF THE OPPOSITION

CHAIRMAN The President,
Reginald Stackhouse

DR. STACKHOUSE:

Ladies and gentlemen: When he proposed the Missouri Compromise that prevented the United States from breaking up as a union in 1820, Senator Henry Clay was warned that this policy could cost him his chance for the White House. He replied: "I'd rather be right than be president."

Joe Clark is also a man who wants to be right — and many Canadians believe he has been right on critical issues of our time: about the need for energy self-sufficiency; about the need to preserve private enterprise; about the need to respect the provinces; about the need to Canadianize the constitution — in Canada.

Joe Clark, however, is not a man who just wants to be right. He also wants to be prime minister — again. But re-entering the winner's circle is no easy challenge. Of Canada's sixteen prime ministers, no fewer than ten were defeated while in office, and only four have made a comeback to the political championship.

Our distinguished visitor has thus set himself a high mountain to climb. But struggling up the slope is no new task for Joe Clark, and making it to the top is no new feat for him either.

His first constituency was named Rocky Mountain, and he may often have felt that he's been climbing political mountains ever since: struggling for a nomination against an entrenched local favourite; winning his first federal election against an incumbent Liberal; besting ten other contenders in the 1976 Progressive Conservative leadership convention; finally, in 1979, making it all the way up to that Olympian summit where only prime ministers dwell.

Now he is facing another upward challenge — renewing his leadership and his party to offer the country direction in the 1980s.

It is a daunting prospect, but the person who aspires to national leadership has to have the courage described by James Ullman in writing about Mount Everest and man's determination to master it:

> Challenge is the core and mainspring of all human activity. If there's an ocean, we cross it; if there's a disease, we cure it; if there's a wrong, we right it; if there's a record, we break it; and finally if there's a mountain, we climb it.

Our guest of honour has demonstrated that courage before many challenges, and the Empire Club is privileged to welcome Canada's sixteenth prime minister and the leader of Her Majesty's loyal opposition, the Right Honourable Joe Clark.

THE RIGHT HONOURABLE JOE CLARK:

Ladies and gentlemen: The Canadian political system is, normally, dedicated more to reflecting our pluralism than to promoting ideology. That means that most of the disputes in our national politics are fought at the margin. Rhetoric aside, our two major national parties usually are pretty close to consensus on overall direction. Our differences have more to do with precise means than general objectives.

Occasionally, however, the differences run deeper, and reveal differing views of the nature of Canada. We are today in one of those relatively rare periods of profound difference between the major parties, between the Liberal party of Pierre Trudeau and the Progressive Conservative party which I have the honour to lead, and I think it important to spell out precisely where we differ fundamentally and why.

In doing so, I hope that I will not put too great a strain on what I respect as the non-partisan nature of your club.

As I look at the policies and attitudes of the current government in Ottawa — especially its policies on the constitution and on energy, especially its attitude toward separatism in two of our regions — they are based, above all, on what I would regard as three false premises about the future of Canada.

The first of those premises is that regionalism is so divisive as to make this country virtually ungovernable as a federal state. I believe the opposite.

The second premise is that the private sector is so selfish as to make increased state control of the economy essential. Again, I believe the opposite.

And the third, largely a consequence of the first two, is that only through a dramatic shift of power to the central state can we hope to achieve any worthwhile national objective. That, in my view, is precisely the wrong way to build Canada.

These three false propositions, all central to current Liberal thinking, cast shadows over a quite different reality — namely, that our federal system, our mixed economy and our national self-confidence have now reached a maturity that will let us achieve as a nation the great goals we have dreamed of for generations.

You will recall, we all do, that Sir Wilfrid Laurier predicted that the twentieth century could belong to Canada. Well, the twentieth century has two decades left to run and I believe we can still make Laurier right if we are prepared to have national policy reflect national reality.

Nothing illustrates better those false premises of the federal government than its approach to constitutional change. That approach is based fundamentally on the view that the federal system no longer works and that progress cannot come from consensus.

On that premise, the government justifies acting arbitrarily and unilaterally against the opposition of both provinces and people. On that premise, the government insists on incorporating a referendum proposal which would give the central government the power, unilaterally, to change our constitution without any reference to the elected legislatures or the elected governments of any province. On that premise, another country, Great Britain, is being asked to vote on basic Canadian rights and freedoms — a blatant surrender of Canadian sovereignty which the Liberals seek to justify on the grounds that we could never get agreement on those important questions here in Canada.

The Honourable Robert Stanfield calls it a "coup d'état." He is right.

Over and over, we are told that Canadian federalism is a record of failure. In fact, that Canadian federal system, when run by reasonable governments, has produced agreements on hospital insurance and medicare, on a Canada Pension Plan and equalization, on highways and energy — and, most recently in September, on the so-called Vancouver consensus as the basis of an amending formula which would let us change our constitution here in Canada.

The genius of Canadian federalism is that it does work, when reasonable governments and reasonable leaders allow it to work. The system fails only when its leaders let it down.

I reject completely the Liberal idea that 114 years of Canadian partnership should be abandoned and that our federal system should be replaced by some form of unitary state. Our federal traditions grow out of the nature of this country. There is no other system that could thrive here, no other system that could suit

The Right Honourable Joe Clark
with Club President Reginald Stackhouse

our diversity. That nature has not changed and to tear up our federal traditions would be to risk tearing up the country from which those federal traditions flow. Worthwhile constitutional progress does not lie with abandoning federalism. Nor does it lie, if I might say so, with attacking other countries — with what the press has called Britain-bashing.

The British have no business deciding the substance of our Canadian constitution. More to the point, Canada, as a mature independent nation, has no business asking the British to make those decisions. There is only one acceptable role for Britain to perform and only one acceptable request to be made of them. Let Britain send our constitution home immediately, with an amending formula acceptable to Canada, and let every other question about our constitution be decided in Canada by Canadians.

Let me turn now to the Liberals' energy package, which I believe reflects the same skepticism about Canada's tradition of a mixed economy that their constitutional proposals reflect about the federal system. As with the constitution, the government's description of its goals is a disguise. It pretends to encourage Canadian ownership. In fact, it encourages state ownership, and the evidence of that is the alarming number of privately owned Canadian companies who have been forced either to leave Canada or to limit their operations as a result of the Liberal energy package.

Let me cite some figures. The Canadian drilling industry, an industry that is ninety per cent Canadian-owned, already has seen two hundred drilling rigs either idled or moved to the United States since the budget came down. The Independent Petroleum Association of Canada, which speaks for some three hundred smaller Canadian-owned companies, says investment by its members in new Canadian exploration and development will be down this year by one-third. Those are smaller companies we are talking about, they are not large multinationals. Most of them are Canadian. They are companies like Canadian Hunter, Norcen, Pan Canadian — companies which in the 1970s did two quite remarkable things.

First, those companies tripled the percentage of Canadian ownership in the Canadian energy industry. It used to be ten per cent; it now is thirty per cent. That was a change achieved by the very companies being forced out of Canada by a Liberal energy policy that pretends to promote Canadian ownership.

Secondly, vitally important for a nation like ours, energy rich in a world that is energy poor and energy hostage, those Canadian companies made seventy per cent of the discoveries of new oil and new gas in this country in the 1970s. It was not the multinationals who made most of the finds. It was the small Canadian companies who made the discoveries and those are the companies that are being forced to leave our country now.

A distinction should be made between two elements of the present government's energy policy. Part of the problem, clearly, is the failure of governments to agree on how their jurisdiction will be shared and no doubt there is fault in both Ottawa and the various producing provinces. That problem can be resolved. I know it can be because I have had experience in resolving a very similar problem. I won't pretend that the producing provinces came easily to our position — to the energy agreement that we had ready for signature last December, 1979 — but it is true that those provinces responded to good faith with good faith. Lines have hardened since that time; projects have been stopped; opportunities have been lost, some of them irretrievably. But I continue to believe that provinces which accepted a reasonable federal position in 1979 would accept one in 1981 if the federal government were prepared to act reasonably.

The new and the more damaging element of the energy program is the proposal to concentrate increasing power in the hands of the Canadian state. That is accomplished in two ways. First, in the oil and gas bill that is now before the House of Commons, there are discretionary and regulatory powers, which among other things, allow Marc Lalonde to act in ways that are retroactive, to act in ways that are confiscatory and to act in ways that allow no review and no control by the Parliament or the people of Canada.

Second, there has been introduced a combination of taxes on the private sector and special privileges for the state, a combination that forces small Canadian companies out while it builds state ownership up. The budget includes provision for something that is called a Canadian ownership account, and the government's own literature describes that account as follows: "special charges on all oil and gas consumption in

Canada to be used solely to finance an increase of public ownership in the energy sector." That is the purpose of the Canadian ownership account. In effect, what that does is to allow PetroCanada, or any other state enterprise, to levy taxes directly, up to an aggregate of four billion dollars a year, for the purposes of increasing public ownership in the energy industry in this country.

On the basis of its most recent activity — the purchase of PetroFina for a price which both the founder and president of that company call exorbitant — there is every reason to believe PetroCanada will use to the fullest this four-billion-dollar power to tax Canadian consumers and citizens.

Let us have a strong national oil company. But let us also have a strong private Canadian oil industry. Despite federal tax laws that made investing in Canadian resources more attractive to Americans than Canadians, these private Canadian companies tripled our share of the oil and gas industry during the 1970s. Despite federal pricing policies that made it far more attractive to explore for energy outside Canada than in it, these private Canadian companies found seventy per cent of our oil and gas during the past decade. They can continue to do a job for Canada, if they are given a fair break through policies that respect the Canadian tradition of a mixed economy.

As you know, one of the consequences of the energy and constitutional proposals has been the growth of separatist movements in western Canada. As a Canadian from that region, I want to say a word to you about what is happening there and why.

Those of us who come from western Canada know that political protest is no stranger to that region. The difference today is that the direction of protest is not just towards Ottawa. The direction of protest today is against and away from Canada.

The Progressive party, the old CCF, Social Credit, the farm movements, those all arose at a time when the west was weak. They sought strength from the west within Canada. Today, the west feels strong and at least some of the protesters believe the region could find greater strength outside Canada. That is a fundamental difference from earlier times. Many of us who urge our fellow western Canadians not to reject a great nation simply because it has a bad government, many of us who make that recommendation, nonetheless have to recognize that, for the first time, some of our fellow citizens see that temptation as being real. Whatever their motives, whether good or bad, whether for real or for show, citizens in the thousands in British Columbia, in Alberta, in Saskatchewan, are now patronizing movements which, at the very least, talk of separation.

I believe that separatism runs against the basic nature of the people of western Canada. Most western Canadians want to build, not dismantle. They are attracted by the opportunity of a large land, and they would not exchange that excitement for something smaller and more narrow.

The problem is precisely that people who live for large horizons see artificial limits being placed upon them. They believe their country is moving away from them, abandoning the principles of equality and opportunity which are as much a part of their intellectual geography as the stretching frontier is part of their physical geography.

What we face today, in western Canada, is not a deep desire to leave, but an intense anger at the unexpected price that region is ordered to pay to stay; a price that gives an automatic constitutional veto to Ontario, but not to Manitoba; that pays Mexico world price for petroleum products, but not Saskatchewan; that favours energy companies formed in Ottawa, but not those formed in Alberta.

It is that anger that we must address, that we must reverse and harness. Because I say to you that anger can be more creative than passivity.

I can remember a time when many western Canadians accepted, with quiet resignation, policies that they believed were bent against them, just as many Québécois can remember a time when their people accepted a subordination to the English. That time is past and we are a better nation for having it behind us.

The Québécois today are proud of being French-Canadian. The westerner today is excited by success. Neither asks dominance; each asks equality; and both act with confidence. That can be the making of the Canadian nation, not its breaking. The history of a nation, its geography, institutions and resources give it a place on a map; but only pride and ambition and emotion give a nation a place in people's hearts.

We have been a young nation for a long time. But in recent years — for different reasons, in different regions — we have begun to become more confident, more caring, more mature. If they are frustrated, those qualities can become the seeds of separation. But if they are encouraged, they can be the source of a Canadian nation that is large in much more than land.

Remember what we have here in this country. We have abundant food in a world that needs it. We have abundant energy in a world that craves it. We have schools and skills which are the best that man can achieve. We have a modern industrial structure and a creativity which give us a world advantage in communications, in petrochemicals, in transportation and in other fields that are on the cutting edge of the future, and we have a cultural tradition which, instead of fearing diversity, celebrates diversity.

This is a land of freedom and of wealth and of opportunity, and it is becoming a land of pride and confidence. And that is the change. Because that pride and confidence are now occurring across this nation.

In the past, our national pride came in flashes; when Paul Henderson scored, or when Terry Fox ran his lonely pilgrimage of courage, or when the children of Centennial sang Bob Gimby's song.

My father tells me that flash of pride was there when Tommy Logan was invalided home as the first High River veteran of the first World War. And, undoubtedly, there have been other moments — but they were moments — they were not a constant sense of pride in the country.

I believe that a more permanent pride and confidence are growing now in Canada. The evolution in Quebec, while it has separatism as one fact, has self-confidence at its core. The ambition in the west, while some of it is merely mercantile, is also an expression of both confidence and faith.

Twenty years ago, those two regions, the west and Quebec, did not see themselves as being equal to Ontario. Now each does, and that is healthy for this whole nation.

Equals must be treated as equals or that self-confidence will be diverted away. So long as Ottawa governs in fear of Quebec nationalism, or imposes double standards on the west, divisions will grow in Canada.

But they are artificial divisions, resulting from the policy of governments, not from the preference of people. The irony is that this nation has never been more ready to grow together, and the instruments of Canadian federalism and the Canadian mixed economy offer the way to build.

This is a time to respect Canadian federalism, not to abandon it, a time to encourage Canadian enterprise, not to drive it out. The Canadian system works and it is time for the Canadian government to respect it.

The thanks of the club were expressed to Mr. Clark by John Griffin, a Past President of The Empire Club of Canada and a Past President of The Empire Club Foundation.

FEBRUARY 19, 1981

The Myth of the Power-Hungry Centralizers

AN ADDRESS BY The Honourable Jim Fleming,
MINISTER OF STATE FOR MULTICULTURALISM

CHAIRMAN The President,
Reginald Stackhouse

DR. STACKHOUSE:

Ladies and gentlemen: The late Marshall McLuhan made us aware of how we live in an age dominated by the challenge of communication, and how the media are major forces of our society. But this is not new. As far back as the eighteenth century, their significance was anticipated by Edmund Burke when he coined the term, Fourth Estate, saying that Parliament had three estates, but in the Reporters' Gallery there sat a fourth estate, the most important of them all. A generation later, Thomas Carlyle could wonder at the scope of the press and what he called its "world-wide influences" that no eye could take in. William Thackeray could refer to it as the "Corporation of the Goosequill," and comment:

> There she is — the great engine — she never sleeps. She has her ambassadors in every quarter of the world, her courtiers upon every road. Her officers march along with armies, and her envoys walk into statesmen's cabinets.

And all that a century and a half before Marshall McLuhan!

Isn't it curious, then, that in view of the expansion of the media in numbers and scope, so few men and women of the press have sought public office, and still fewer have succeeded in obtaining it?

The Honourable James Fleming's active and successful career in politics is therefore all the more impressive. After graduating from the University of Toronto with a B.A. in political science in 1962, he spent several years in newspaper, radio and television journalism, becoming senior news analyst for CHFI. He then entered active politics, becoming executive assistant to the leader of the opposition in the Ontario legislature, and in 1972 winning York West for the federal Liberal party. He has been re-elected three times.

As an MP, he held several important posts in the House of Commons — chairman of the Toronto and Ontario Liberal caucuses, parliamentary secretary to the Minister of Communications, and the Minister of Environment and Fisheries. He acted also as co-chairman of the Canadian European Parliamentary Group and was a vice-president of the Canadian Federal Branch of the Commonwealth Association.

After the 1980 federal election, he was appointed Minister of State for Multiculturalism, but not surprisingly has been asked by the Prime Minister to work also on improving the Government of Canada's communication system, as well as continuing as chairman of the political communications committee of the Liberal caucus and party.

He brings to government the gifts of perception and articulation characteristic of the effective communicator he is. The Empire Club of Canada is privileged to welcome the Honourable James Fleming.

THE HONOURABLE JAMES FLEMING:

Ladies and gentlemen: Canada was once described by an American political scientist as the only country in the world where you can buy a book on federalism at an airport — clearly a commentary on how important our federal system is to us. Yet after 113 years that federal system and the constitution it's based on — the British North America Act — is still misunderstood.

In our debate on the constitution, several provincial premiers have dusted off the old "compact theory." According to this theory, the provinces signed a treaty or "compact" to delegate some of their powers to the federal government. The federal government is therefore "the creature of the provinces," so it cannot take any action to amend the constitution without the unanimous consent of all its parents.

The compact theory supports the claim that the aim of Confederation was to safeguard provincial autonomy, to make Canada a community of communities, and the champions of autonomy often accuse the federal government of perverting this aim by, as one premier has put it, "violating the spirit and letter of the BNA Act" in order to become the dominant partner.

This myth of the power-hungry centralizers seems to be founded on the fact that several speakers in the Confederation debates referred to a "treaty" or "pact," words that obviously were used loosely, for lack of a better term, because as colonies none of the provinces had treaty-making powers, nor any sovereign powers to delegate. As soon as Confederation's opponents saw they couldn't prevent the union, they tried to weaken it by creating a base of support for provincial autonomy. Provincial autonomy was a second line of defence for the anti-unionists, and the arguments, in essence, haven't changed. Our Fathers of Confederation would recognize them, though they couldn't foresee the social forces that would keep the conflict alive.

Our Fathers of Confederation were keen students of American federalism, the first modern system for

The Honourable Jim Fleming
Minister of State for Multiculturalism

dividing power between two levels of government. They knew that no other type of government would be acceptable to either French Canadians or Maritimers. But they also knew the dangers of federalism. The loose Swiss and German confederations had ended in civil war (in 1529 and 1866), and the initial American attempt to confer autonomy on each state was a classic failure.

Speaking during the Confederation debates, Sir John A. Macdonald said: "The United States began at the wrong end. They declared by their Constitution that each state was a sovereignty in itself . . . Here we have adopted a different system. We have strengthened the General Government. We have given the General Legislature all the great subjects of legislation . . . all the powers which are incident to sovereignty."

The BNA Act gave the federal government power over tariffs, banking and currency, weights and measures, patents and copyrights, postal service and interprovincial transportation – steamships, canals, railways and telegraphs. It had criminal law, for uniformity across the country; fisheries, to defend Canadian waters against American poachers; it shared jurisdiction over farming and immigration, with the federal government paramount in a dispute.

The provinces were given matters of purely local concern: roads, lands, bridges, piers, courts, local patronage. They had control over minerals, which were then insignificant; education, which at that time meant grade school; welfare, which was only what anyone wanted to give to the poor; and "property and civil rights," to protect Quebec's legal system.

The main source of government income then was customs tariffs and excise taxes. These were given to the federal government, along with "the raising of Money by any Mode or Means of Taxation." The provinces were confined to royalties in the then-minor field of resources; to direct taxes, which hadn't yet won public acceptance; and federal subsidies.

Federal authority was further ensured by three overriding powers. One: control over "such works as, although wholly situate within the province, are . . . declared by the Parliament of Canada to be for the general advantage of Canada." Two: the right to make laws for "Peace, Order and good Government," the usual British phrase to give a colonial government a full range of legislative power. And three: the appointments of provincial lieutenant-governors, paid by the federal government to keep Ottawa informed about laws passed by the provinces, which Ottawa had the power, within one year, to disallow. In fact, in an early draft of the BNA Act, the lieutenant-governor was called the superintendent. How could there be any doubt about what was intended?

The system was based on the principle of monarchy. Authority flowed from top to bottom, from London to Ottawa to the provinces. The intent, as Sir John A. declared, was to "make the Confederation one people and one government, instead of five peoples and five governments . . . one united province, with the local governments and legislatures subordinate to the General Government and Legislature."

Then as now, the politicians of the richer provinces wanted to keep the revenues raised in their regions for their own use. They were led by Ontario, which claimed to contribute from two-thirds to three-quarters of all revenues and to get back less than one-half. They challenged the federal government on patronage, boundaries, water rights and residual powers that the BNA Act gave the federal government — any powers, that is, not spelled out in the Act. They demanded larger subsidies and more power for their lieutenant governors, which moved Sir John A. Macdonald to write, in a letter to the governor general: "It is difficult to make the local legislatures understand that their powers are not so great as they were before the Union."

The provinces fought, above all, against the federal power of disallowance. Macdonald used disallowance forty-six times, but by the time he died in office in 1891, its use had become infrequent and it was used only after a province had had a chance to repeal or amend its act. The principle of its use, as defined by Sir John, was that a provincial act could be "disallowed" where the act was illegal, or where it clashed with federal legislation or "the general interest of the Dominion." This put it in the bailiwick of the courts.

But then Canada's right to set up its own Supreme Court was blocked three times by Quebec, and only finally won in 1875. The provinces could still go to the judicial committee of the British Privy Council: three or more lords in morning coats sitting around a U-shaped table in a corner room at Downing and

Whitehall streets in London, England, hearing appeals from all over the world.

The world depression ended in 1896, the year that Sir Wilfrid Laurier became Prime Minister. Macdonald's time had been an era of national political growth. Laurier's was an era of economic nationalism: national banks, a second and third national railway, later merged in the CNR. Wheat, gold and silver made Canada the world's fastest growing country, and prosperity had the same odd effect it would have some seventy years later. Instead of reducing federal-provincial conflict, it increased it.

In the first four years of the boom, Canada sent the judicial committee in London only eight per cent of all the disputes sent in from the Empire. In the last four years of the boom, 1906 to 1910, Canadian cases were more than fifty per cent of the total.

The most influential lord of appeal in the 1880s and '90s was Lord Watson, and for much of the following three decades, his protegé Lord Haldane. As Scots and reformers, both sympathized with the pluralism of the provinces, and for almost forty years after Macdonald's death, they whittled away at the power of the federal government.

The right of the national government to pass laws for "Peace, Order and good Government" was cut back and back until it could only be used in a national crisis. The role of the lieutenant governor was altered by a ruling that in matters of provincial jurisdiction the office is responsible, not to the governor general, but directly to the Crown, neatly circumventing federal control. Provincial jurisdiction over "property and civil rights" was broadened. Federal jurisdiction over "trade and commerce" was narrowed. Federal control over labour was restricted. All this was determined by three lords in London.

Canada's political structure was being redefined and changed by men who had never lived in Canada or under a federal form of government. For example, the judicial committee had to decide in 1892 if the New Brunswick government had the prerogative of the Crown in collecting debts ahead of ordinary creditors. The British lords said yes, that the BNA Act had not changed the relationship between the Crown and the provinces. And from this highly dubious premise they went on to state that "The object of the BNA Act was neither to weld the provinces into one, nor to subordinate provincial governments to a central authority . . ." As historian Arthur Lower would later comment: "A plainer misstatement of what everyone in 1867 had said was the object of the Act could hardly be made."

After the Klondike gold rush, mining became increasingly important, a chain reaction with each find financing the next. Pulp and paper and hydro-power were developing at the same time. And this unforeseen growth in resources broadened provincial jurisdiction and reinforced the growing power of the provinces.

War restored some of the balance. Under the 1914 War Measures Act, the federal government assumed control of all the country's resources, and imposed, for the first time, a federal income tax. The provinces had had an income tax since 1876 and a corporation tax since 1882. Then the British lords of appeal made a generous postwar ruling on what comprised direct taxation — any tax where the main impact fell within the province. This enabled the provinces to put sales taxes on cars, gasoline and liquor, and gave the provinces more financial clout.

The depression underlined what is again becoming clear: a weakened national government unsupported and often opposed by strong provincial governments cannot do what needs to be done. The Right Honourable Joe Clark told you a week ago, "the Canadian federal system when run by reasonable governments has produced agreements on hospitals and medicare, on a Canada pension plan and equalization, on highways and energy." But Prime Minister R.B. Bennett was without federal authority to deal with unemployment, the loss of markets, the lack of credit, drought, debt and the collapse of western agriculture. But finally pressure from every important group in the country forced him to try.

Bennett tried in 1934 to set up a national marketing board. Provinces objected and the lords of appeal declared it unconstitutional. He brought in acts to introduce Canada-wide unemployment insurance, to operate unemployment offices across the country, to set minimum wages and hours of work, to extend debts and give credit, to regulate prices and unfair competition. All were contested by one or more provinces and struck down by the lords of appeal.

The scuttling of Canada's New Deal brought a storm of criticism. Dr. Eugene Forsey called the British lords of appeal "the wicked stepfathers of Confederation" who had "turned our constitution inside out and upside down." And another well known constitutional expert, Professor Norman Rogers, said the growth of a vigorous nation had been arrested by the claims of imperial unity and provincial autonomy. It was the purpose of the first, he suggested, "to keep Canada a colony," and "the tendency of the other to make us a league of provinces."

The British appeal lords had their Canadian defenders, but national sentiment now was running against them. In 1939 the Senate set up a committee to compare the BNA Act with their rulings. It reported that "Many pronouncements of the judicial committee . . . are materially in conflict with . . . the Act." Then World War II intervened, and it wasn't till 1949 that the government of Canada, under Prime Minister Louis St. Laurent, amended the BNA Act to end appeals to the British court and make the Canadian Supreme Court our court of last resort.

The need to mobilize men and resources for war made Canada a more centralized state. The unemployed were soon absorbed by industry or the forces. Production doubled with little foreign investment. Inflation was kept under control. With the provinces pulling together the federal government proved that it could achieve what was later called an economic miracle.

But the postwar prosperity fostered by unity once again nurtured disunity, with Quebec now leading the fight for provincial autonomy. In other developed countries, national governments were shifting from considering the welfare of business to considering the welfare of all. Welfare in Canada was a provincial responsibility but pressure from the left was making social reform a necessity. And Canadians were becoming so mobile that benefits had to be portable, and, therefore, to be practical as well as fair, reasonably uniform all across the country.

The federal government had little choice: it had to initiate social services, sharing the costs fifty-fifty with the provinces. But as the cost of these services mounted, so did complaints from the provinces. They complained that the federal government was using its spending power to invade their jurisdictions, to increase centralization. They said the shared-cost programs were fouling up their planning — they couldn't set priorities, yet they couldn't afford to pass up the money, money collected in part from their own regions.

Quebec led the revolt. It opted out of one program after another, and the federal government made up the money thus lost by giving the provinces a larger share of the tax on incomes. Step by step the federal government reduced its share of income taxes while cutting the strings on its transfers of money, now totalling, in terms of current tax yields, about fourteen billion dollars. Its last such decentralizing move was made in 1977, when cost-sharing programs for education and health care were replaced with a lump sum, which the provinces can decide how and where to spend. One result: in 1975-76 in Ontario, just before cost-sharing was dropped, the federal government put up forty-six per cent of post-secondary education costs while the Ontario government paid thirty-four per cent. By last fiscal year Ontario's share had fallen to twenty per cent while the federal government share soared to sixty-one per cent. Yet the federal government has no policy input.

The provinces control most of the major institutions: the universities, colleges and schools, the nursing homes and hospitals, the trades and professions, the stock markets. They share responsibility for business, fishing and farming. They are involved in immigration at both policy and working level. Increasingly, they are consulted on international trade and foreign investment. They have become almost semi-sovereign political entities.

A great many concerned Canadians agree that our country is about as decentralized as a country can get. The BNA Act gives the national government "the regulation of trade and commerce" — clearcut unrestricted control. Yet no national government in the world shares so much control over commerce. The provinces have taxing and regulatory power in the fields of finance, insurance, manufacturing, stocks and bonds, retail and service trades. Decentralization has gone so far that the Parti Québécois' finance minister, who only a few years back was denouncing Ottawa's power, now claims the country is too decentralized to work.

The federal spending of tax revenues after transfers to the provinces dropped between 1959 and 1979 from more than half of the total to one-third. Yet some provinces want a still larger share of the tax dollar. And the more autonomy they win, the more taxing power they take for themselves, the more disparity there is between the richer and poorer provinces.

The Fathers of Confederation started out with a clear-eyed view of the need for a strong national government. But they had no crystal ball to reveal that direct taxes, once negligible, would become the main source of our public income. They could not foresee that education and welfare, once insignificant, would grow into huge provincial bureaucratic empires, or that minerals then undiscovered would so expand provincial power. And they did not contemplate the effect on Canada's constitution of the pluralist views of two British lords of appeal sitting at Downing and Whitehall streets in London.

Looking back, there's considerable irony in the fact that the American and Australian federal governments were given few legislative powers with the main powers going to the states, while Canada's federal government had almost complete legislative power and the provinces only a few unimportant ones. Today, that situation is reversed. The American and Australian governments gradually gained power as they needed it. The Canadian government lost the power that it needs.

Without question, we have to recognize the claims of regionalism: our geographic and cultural diversity, the necessity to consult and consider opinion in all regions. We have every reason to build strong provinces — strong parts make a stronger whole — but no reason whatever to believe that a strong nation can emerge from the current drive for provincial autonomy. On the contrary, provincial autonomy has been hampering the achievement of an effective industrial strategy, efficient manpower planning, energy self-sufficiency, common educational standards, and now, the constitution itself.

Here we are, trying to bring home Canada's constitution with an attached charter of rights and a method of changing the Act when necessary, and we find ourselves opposed by six provinces and an opposition party which accuses us of acting illegally, of acting unilaterally, and depriving the provinces of power.

There's never been any question that the Canadian Parliament has the legal authority, under section 91 of the BNA Act, to ask the British government to amend the Act and send it back to us. The premiers have no mandate, individually or jointly, to govern the country. Only the Canadian Parliament represents Canadians in all provinces. The Manitoba Court of Appeal has now confirmed this, noting that out of fifteen important amendments to the Act, only four had the unanimous consent of the provinces — not out of necessity but out of courtesy — and that on all but one of the others the provinces weren't even consulted.

On the matter of acting unilaterally, two federal ministers spent most of the summer negotiating with the ministers of the provinces. Then, in September, we tried to get the first ministers to agree and I don't have to tell you how that ended. Since 1927, there have been eighty-one meetings during ten attempts to patriate the constitution, and each one has ended in the same way: with one or more of the provinces withholding consent in order to wring more concessions from the federal government, a government now strapped from its past concessions.

So we tabled our resolution to patriate the constitution with the charter and the amending formula. We debated it for almost a month, and then it went into committee, twenty-five members of Parliament representing the three national parties, the four main regions, both sexes, and most of our major ethnic groups. They have spent almost three months and more than a million dollars studying and arguing its substance. They have listened to constitutional experts and groups from all parts of the country representing civil liberties, lawyers, churches, women, ethnics, francophones, natives, and two Torontonians who want to include civil liberties for trees. The government made a number of changes, the committee debated each clause, and the resolution is now getting further discussion in the House, where two out of three national parties support it.

After all this, after producing a strictly made-in-Canada Act, we believe it would be unthinkable for the British government to accept the recommendations of a British parliamentary committee, a committee with no official mandate, that represents only itself, a group of backbenchers ready to turn a Canadian controversy into a British-Canadian conflict for the sake of the headlines that conflict generates. Or perhaps some British Members of Parliament — and I spent eight years in the back benches — are enjoying normally scant attention because provincial representatives have gone hat in hand to London to lobby them as if they were latter-day lords in morning coats passing judgement on the colonies. That's not what they are and not what the vast majority of them would wish to be.

Although it's been much used, "unilateral" seems to me to be a very odd word to apply to the Canada Act and its method of amendment. It enables the provinces to discuss and agree on an amending formula, and in case of deadlock with the federal government it enables the citizens of Canada to decide. This is the method used in Australia, and because it calls for a double majority — a majority in each of the four main regions as well as a majority nation-wide — there's no way that any one party or region can impose their will on the others.

The Canada Act is a purely Canadian document, democratically forged by thousands of participants in Canada, including, paradoxically, members of the party that opposes it. We have debated this reform at greater length and in greater depth than any constitutional issue since Confederation, but we don't think that the premiers should attempt to hold the charter hostage to try to gain unrelated powers that our national Parliament needs to survive.

Some premiers say that the act takes power from the provinces. They *don't* say it also takes power from the federal government. It doesn't change the federal-provincial balance of power; it does give more to the people and the courts.

Some premiers claim that transferring power to the courts is undemocratic. In fact it's precisely the opposite. It protects unpopular or minority opinion by defining the limits of majority power, and unless we protect minority rights we aren't protecting any. No majority in Canada has ever been oppressed; only, at various times, Chinese, Japanese, French, English, religious and political minorities. I find it curious that the premiers should go to court to protect what they say are their rights while declaring that their citizens shouldn't have that same protection.

At the core of the controversy, of course, is the 113-year-old drive for provincial advantage, provincial power, provincial autonomy. The debate continues the long dispute about what kind of country this is. Is it just the sum of its parts or is it more? Is it just a league of provinces or is it a nation?

The problem that faced Macdonald is still with us. The Old Chieftain was well aware that our geographic and cultural diversity is no argument for provincial autonomy, that indeed this very diversity calls for the opposite. His aim was not to preserve but to be rid of provincial autonomy, except in matters of what he called "local concern." If indeed there was a compact it was clearly to ensure a strong central government.

Our Fathers of Confederation seemed to realize more clearly than we that a federal system that cannot act till it gets agreement from competing provinces is unworkable. Where we have conflicts of interest we must have some method of resolving them. Where a province's self-interest opposes national policy, there must be some reasonable means to override it. Supremacy must lie somewhere. There must be some overall authority.

I believe that authority is the Parliament of Canada. With all its imperfections, it is still a magnificent institution. It is there, in our national forum, that the diverse parts of Canada must come together to work out our destiny, and today that means to debate and decide where our constitution will dwell, how it may be reasonably amended, and what limits will be set to prevent any government in Canada from violating our individual rights and freedoms.

Those who propagate what I call the myth of the power-hungry centralizers, those who say that Ottawa is "violating the spirit and letter of the BNA Act," are not only distorting the facts of history, they are denying the Canadian Parliament's right to speak for all of Canada; they are denying our heritage of nationhood. They are asking us to accept a concept of Canada very different from the one our forefathers intended. They are suggesting that we become "a community of communities," a concept based on a very odd conclusion, a kind of Alice-in-Wonderland proposition: that the more our society comes unglued the less glue we need.

The thanks of the club were expressed to Mr. Fleming by the Honourable Barnett Danson, a Director of The Empire Club of Canada.

FEBRUARY 26, 1981

When is the Right Time to Retire?

AN ADDRESS BY Ed Mirvish,
TORONTO BUSINESSMAN

CHAIRMAN The President,
Reginald Stackhouse

DR. STACKHOUSE:

Ladies and gentlemen: Probably everyone here has read "Ed-lines," such as:

HONEST ED'S A FAT SLOB,
BUT HIS PRICES KEEP A SLIM FIGURE

HONEST ED'S GOING BALD, BUT HIS PRICES ARE HAIR-RAISING.

That kind of imaginative advertising and many other innovative features in the 1950s made what could have been just another bargain discount store into one of the most distinctive and interesting retail centres of Canada.

But even more distinctive and interesting has been the man who created this unique Toronto enterprise, and still remains its "shaping spirit of imagination."

There are so many sides to this man we could think there must be at least seven Ed Mirvishes. The son of a merchant, he has been a merchant all his life — and what a merchant! But he is also a restauranteur, able to serve meals to 1,500 people at a time. He is also a theatre owner, providing Toronto with one of the most impressive theatres in North America. He is a patron of the arts who has created a block-long centre of studios, galleries and boutiques. He is even a ballroom dancer, agile and graceful enough to win prizes in competition. He is very much a husband and father, his family sharing his creativity with him.

To be all that would be more than enough for most of us. But Mr. Mirvish has been more. He is a citizen in the original sense of the term — a man of the city concerned for the quality of his city's life and ready to lift it. This public spirit has been recognized in ways few Canadians can ever hope to enjoy. He has received the Order of Canada, the Award of Merit from the City of Toronto, and the Telegram Theatre Award. He has been honoured with doctorates by Trent University and the University of Waterloo.

The Empire Club of Canada is privileged today to hear Mr. Edwin Mirvish.

MR. MIRVISH:

Mr. Chairman, members of the Empire Club, honoured guests, ladies and gentlemen: I would like to thank you for inviting me here this afternoon and for giving me the privilege of speaking to you. It is always gratifying to be able to place a point of view before a distinguished audience.

My talk is titled "When is the right time to retire?"

As a senior citizen I am expressing my own personal views. If my talk sounds like one big commercial, it may well be so, but the intention is to point out that at an age when society expects me to slip into retirement, I choose instead to go into new endeavours.

I am sure that most people have thought about this subject at some period in their life. Thoughts of retirement first crossed my mind when I was thirteen years of age. I was pushing my bike up Bathurst Street hill, delivering groceries on a sweltering, hot summer day. Having had to leave school at an early age, resulting in little formal education, I worked to survive. I can emphasize that I did not work for the joy of it. At that time I had never even heard of the merits of the so-called "work ethic."

Wanting to eat regularly, I realized at an early age that if I were going to wait for someone to hand me something, I would be in for a big disappointment. Nevertheless, already on those hot summer days I thought about retiring and sitting on the banks of the Humber river, dangling my feet in the water. Needless to say, nothing came of this dream. I kept pushing my bike up the hill! And even now I have yet to dangle my feet in the Humber river.

My second thought of retirement came shortly after I became a married man. Not having earned very much money working on the one and only job I had ever had, I came up with the idea of having a store that would be open only one day a week.

I imagined that if I could earn a hundred dollars on that one day I would have found a very pleasant life style. Not complete retirement, but a step in the right direction. I opened a store called Honest Ed's which was open one day a week. The store front was garishly painted and a large message outside proclaimed "*You* name the price — no reasonable offer refused!" I bought bankrupt stocks and distress merchandise. The idea worked.

This store gave me my first taste of power. When the customer asked, "Who decides what a reasonable offer is?" I replied, "The Honest One, me!" Surprisingly, many of the offers were more than I had expected.

What I did not understand was human nature and my own personal needs. It did not take many weeks before my greed and restlessness pushed me into opening the store *three* days a week. With this three-day week came change, excitement, enjoyment and profit, which encouraged me to open *six* days a week.

In the process I learned that change must be one of the very strong needs of human beings. I observed that people did not go on holidays because they needed a rest from their everyday work. People went on holidays to have a change. Often they would expend more energy on their vacation than they would on their job.

Meanwhile, I was enjoying my six-day work week, which resulted in the inevitable — I blew my semi-retirement.

As many Torontonians know, Honest Ed's grew and as we grew, various employee benefits were instituted. In our very early years a pension plan was set up by us, which provided for compulsory retirement at age sixty-five. This was just fine, until one day I realized that I was sixty-three. That was the day I struck out the word "compulsory."

Meanwhile over the years the government had slowly been taking over our lives. More and more, big government was taking care of "the work force." Many of the early benefits we had introduced were washed away. If our big-hearted governments continue in the present direction, it will only be a matter of time before we will all be looked after from "the cradle to the grave." We will be born into retirement.

Now going on sixty-seven, I can only say that I have no thoughts of retirement. I look forward to arriving at Honest Ed's at 8 a.m. every day, where I am actively involved in merchandising.

Then I walk around our village on Markham Street where the individualism of the art galleries, museums, book stores, studios, boutiques and the people who frequent them create a very special atmosphere which I enjoy.

At noon you will find me at our restaurants on King Street West where there is never a day that I do not meet interesting people from all over the world. In the afternoon I am at the Royal Alexandra Theatre. Again, another environment. A world of excitement and challenge. My day is constantly changing. To me these occupations are all blessings for which I feel thankful and extremely privileged.

Now that I have covered some of my past I would like to put aside these thoughts. Looking back is a sure sign of old age. Looking forward, I would like to

Mr. and Mrs. Ed Mirvish
with Club President Reginald Stackhouse

outline some of my plans for the future. I am humble enough to realize that the future is not always in our hands, but I do have enough ideas and plans to keep me busy and City Hall aggravated for a long time into the future.

Our first and immediate project is the enlargement of Honest Ed's. This I hope will happen if and when our building plans, which have been submitted, work their way through the maze of City Hall. The present store will extend eastward along Bloor Street to Bathurst Street.

As we have never branched out and developed into a chain organization, or gone public, I can visualize the enlarged Honest Ed's as a landmark to the small storekeeper surviving in a country that provides the freedom and opportunity to grow and develop under the "free enterprise system." I am thankful that "Lady Luck" decided long ago that Canada would be my home. I eagerly look forward to the completion of the new enlarged and spectacular Honest Ed's.

One of the buildings required for the expansion of Honest Ed's was the Royal Bank, our next door neighbour. This bank had occupied these premises for over fifty years. Upon acquiring the bank building, I subsequently spoke to Liberace, the great showman, and said to him, "Lee, you know the bank next door to me that I take my money to? I bought it." This is a line that Liberace has often used in his show. He got a kick out of that.

My next thoughts and plans centre around King Street West across from the CN Tower and adjacent to our theatre and restaurants.

I would like to offer and present on King Street West a complete evening's entertainment from eight p.m. to one a.m. at one fixed price. For this price I would provide: a superb full course dinner; dancing to three different bands; an enormous full-scale spectacular revue at 9:30 p.m. presented on a stage with a hundred-foot proscenium opening, a stage almost twice the size of the largest stage anywhere in Canada. The stage and ceilings would be equipped with elevators to be used for special effects. I would provide artificial ice for ice shows, waterfalls and fountains for aquatic effects. This super spectacle of visual splendour, supported by gorgeous costumes, sets and lighting, would be complemented by a cast of forty long-stemmed beauties. Finally, at eleven p.m., an international star is presented. A great, complete entertainment package.

In addition to the regular Monday through Saturday evening entertainment, conventions could be accommodated during the day. Television specials and series could be recorded on Sundays. This would be a multipurpose enterprise which I would like to call "Ed's Diamond Horseshoe."

The great attraction for locals and tourists alike is the fact that the customers will know exactly what their complete evening's entertainment will cost. For the price of admission they can be confident that they will receive quality and value. To support this type of attraction it is necessary to locate in centres that cater to many tourists. Paris, London or Tokyo are typical examples.

We already own the land across from the CN Tower which at present is being used as a parking lot for our restaurants and theatre. Now that a large world Convention Centre will be built directly across from us, we might well be ready for Ed's Diamond Horseshoe.

Another project that I am seriously considering would also be in the vicinity of our theatre and restaurants.

Toronto is ready for another theatre. I would like to erect a 2,500 seat, intimate, beautiful theatre patterned after the La Scala Opera House or one of the other beautiful old world theatres. This theatre should be able to accommodate the largest musical productions staged anywhere in the world.

Most musical productions can be presented on the Royal Alexandra stage. Our present theatre is as large or larger than most Broadway and West End London theatres. The problem is that with the fast-rising cost of large musical hits, the 1,500 seats of the Royal Alexandra theatre do not have the dollar potential to cover the cost of today's large scale productions.

A new 2,500 seat theatre would complement the Royal Alex and with our same management team could make this larger theatre economically viable. It could be a welcome addition to the exciting King Street scene. Such a theatre would also add importance to our city as a world theatre entertainment centre.

Of course a multi-level parking lot on this same land would always make more money, provide less aggravation, get less criticism and require a minimum of staff.

On the other hand it does not require much talent to run a parking lot and it does nothing for my ego.

I am constantly accused of having too much ego. I guess we never see ourselves as we really are. I always thought I was so modest. The point I am really trying to make is that "parking" is a great no-risk business for a person who wants to retire.

If I should opt for parking I would like to create something unique. For example, facing the Convention Centre how about the possibility of the longest bar in the world, 160 feet long running parallel to King Street? In front of the bar, rising ten stories high, could be an opulent French or Roman facade. Behind this facade would be concealed nine floors of parking. Entrance to the bar would be through the gorgeous doors of the facade on King Street.

The entire parking accommodation would be completely hidden by this facade. This structure should impress and attract some of the thousands of visitors attending the New Massey Hall, the CN Tower, the Convention Centre and hotel located directly across from it. Exit and entrance to the multi-level parking area would be from Pearl Street at the rear of our lot.

Ladies and gentlemen, I would like to talk to you for the next four or five hours, sharing with you other ideas I have in mind. But don't panic — I'll spare you.

One more new item that I can't resist telling you about is a new musical bound for Broadway which I will be producing in September. It will be based on the celebrated comedy *Harvey*.

The book, music and lyrics are by Leslie Bricusse, lyricist of *Stop The World* and many other hits. Dick Martin, of the famous comedy team of Rowan and Martin, widely known for their successful comedy show *Laugh In*, will be the star. This full-scale musical will be called *Say Hello to Harvey*.

I promise that you will be hearing a great deal about *Harvey* in August of this year. A new play is the birth of a new idea and there is nothing to compare with the excitement of birth.

Before I conclude, I would like to speak to you about a very important institution in our city. I have never been personally involved in this particular institution but it is a traditional landmark. It has always been run by boards and committees. I personally have absolutely no talent for working with committees. What I am referring to is our legendary Canadian National Exhibition.

Please let me outline what I would like to see developed on the Exhibition grounds.

My plan would begin west of the CNE. The city should re-establish the Sunnyside Amusement Park, the Boardwalk, the Bathing Pavillion and swimming pool. With the cleaning up of the polluted waters of Lake Ontario, Sunnyside Beach and Amusement Park could once again become a summer playground for families and people of all ages.

All of the fast-food stands, amusements and Midway games located at the CNE should be removed and transferred to the Sunnyside Amusement Park.

Many of these attractions which are now used for as little as three weeks per year could be enjoyed for a five- or six-month period. Because of this longer time span, service, pleasure and attractiveness would be provided on a much more efficient and economical basis.

Now to get back to the CNE proper.

The concept of the CNE should be a twelve-month year-round exhibition complex, not a mere three-week-a-year effort.

I emphasize the word "exhibition." You cannot be all things to all people — we live in the age of specialization! but *specializing* in exhibits, we could lead the world.

We should move every ugly parking lot within the CNE grounds to outside its boundaries. Thousands of parked cars only detract from the beauty of this park. The large income derived from parking would still be available even if parking were to be moved. Private cars should not be allowed to enter the Exhibition grounds, except for transient business deliveries.

This established, we now have two assets — parkland and buildings for exhibits! To enhance the parkland I would change most of the arterial roads into canals which would connect with Lake Ontario and Ontario Place. The islands of landscaped parks and walkways plus the Exhibition buildings would be connected by attractive bridges. In warm weather small boats or gondolas could traverse the waterways. In winter these same waterways could be used for ice skating.

With fountains, creative lighting and, most important, excellent housekeeping equal to that of Disneyland, for example, we could have a year-round park and exhibition showcase unique in the world.

Toronto deserves this!

In this Exhibition Park we should preserve and beautify the present buildings and erect in the future new exhibition palaces to attract exhibitors who would pay for them.

Ideally, admission to the public should be free! If the crowds come, the exhibitors will come. Where you have people, there is always a way to get revenue. Every country in the world should rent space in these buildings. They could exhibit their products, their art, their culture, and promote travel and interest in their particular country.

Every major corporation in the world should be proud to show their products and to introduce the new products which are continuously developed in our rapidly changing world. Exhibits should be shown on a year-round basis.

What a magnificent visual display! Truly a showcase for the world. We would provide excellent accommodation to "suppliers of the world for shoppers of the world."

With all due respect to all forms of mass entertainment and show business, the most popular entertainment you can offer is the colourful and imaginative presentation of new products because they relate to all of us. The CNE would be an up-to-the-minute presentation of what is available everywhere in the world. These beautiful exhibition palaces could become known as "the windows of the world."

Attractive presentation of products is a very romantic business. If we ever took away from people, for one month, the privilege of going shopping, many of them would go out of their minds!

Our Canadian National Exhibition has a long and illustrious history of over one hundred years. It is the largest annual fair in the world. The many individuals who have contributed to make it so deserve our thanks and appreciation, but the world changes and our needs change.

The transformation of the CNE could never happen if it were supported by people with retirement in mind. Men and women with energy, vision, talent, creativity and enjoyment of hard work will be the ones, regardless of their age, who will make our great city of Toronto even greater. I hope that our city fathers will feel that the plan I have outlined does have some merit and that they will pursue it.

Now I wish all of you good health and may you enjoy your personal interests, ideas and dreams. Despite what we read in the newspapers, there is still a beautiful world out there.

In answer to the question, "When is the right time to retire?" — the answer is probably different for every one of us. But one thing is certain. It is important for all of us to have a reason to get up in the morning.

Finally — this particular moment is the time for me to retire from speaking.

The thanks of the club were expressed to Mr. Mirvish by John D. Herrick, a Director of The Empire Club of Canada.

MARCH 5, 1981

Ontario and the Constitutional Proposals

AN ADDRESS BY The Honourable William G. Davis,
PREMIER OF ONTARIO

CHAIRMAN The President,
Reginald Stackhouse

DR. STACKHOUSE:

Ladies and gentlemen: Our distinguished speaker today has addressed The Empire Club of Canada on six previous occasions, and is surely the best known citizen of Ontario.

So your President has a problem.

How do I introduce a man who needs no introduction? How do I do it without reiterating the redundant? Or without fathoming the familiar? Or without outlining the obvious?

One way is to follow the example of the Speaker of the House of Representatives. When introducing his chief of government, he says simply, "the President of the United States." No fuller elaboration is necessary; no greater distinction is possible.

Therefore, ladies and gentlemen, to introduce a man who needs no introduction, I will simply say I deem it a great honour, and it gives me great personal pleasure, to present to you the Premier of Ontario.

THE HONOURABLE WILLIAM G. DAVIS:

Ladies and gentlemen: I very much appreciate this invitation to address the Empire Club, for this forum provides a singular opportunity for me to comment on concerns that have always dominated the interests of this club: Canada, and her evolving national responsibilities and opportunities.

Ontario's willingness and ability to face the challenges posed by the political structure and the changing circumstances of this country go without saying. Confederation has always been a justifiable obsession for Ontarians. For we have, traditionally, always looked upon ourselves as Canadians first and, I would like to believe, we have never hesitated, when it was required, to put national interests ahead of those of a more parochial nature.

The historical role that such a commitment represents is more than a passing political fancy. From generation to generation, Ontarians have demonstrated a fundamental concern for Canada — a commitment to the Canadian ideal which is part of our very character, part of the essential spirit of Ontario.

I recognize that the two difficult and interrelated problems facing Canada today, the supply and cost of energy and constitutional reform, vex many, including those from all parts of Canada whose commitment to this nation is no less than our own. Clearly, no province, no region, and certainly no Canadian, has a monopoly on national conscience. I do not suggest, therefore, that those who disagree with the basic positions adopted by the government of this province care less deeply for Canada than we do. I would only ask that those who oppose our views recognize that the government I have the privilege to lead takes its position from the same deep concern for our country.

But let me stress that, even as the debate becomes more heated and the related problems seemingly more complicated, perhaps even threatening, I intend to pursue my commitments in these two areas — namely energy and the constitution — with continued vigour and determination. These are commitments which run to the heart of my view of Canada and my responsibility to Ontarians.

As a Conservative in the Ontario tradition, I am unrepentant in my belief that Canada must have a strong national government that can speak and act for all Canadians. Sir John A. Macdonald, as the key Father of Confederation, strove to turn the vision of such a government into a reality. He recognized that there must be an overriding national voice on those matters that touched the lives of all the inhabitants of British North America.

Almost without exception, his successors have attempted to maintain the goal of an effective national government within our federated structure. And they endeavoured to do so within the context of changing circumstances, many of which were not contemplated by the provisions of the British North America Act. Similarly, while there have often been federal-provincial arguments and tensions, few premiers, until recently at least, have openly sought to undermine federal authority.

This has been particularly true in Ontario. For example, my distinguished predecessor, John Robarts, never lacked the courage to carry the flag of national concern. At the opening of the constitutional conference of February 10, 1969, he said, "We support a strong federal government. We have always done so. We believe it is absolutely necessary for the interests of all Canada. The diversity of our country requires that we have a strong central government to hold the diverse parts together."

Now, it goes without saying that as a premier who has actively campaigned against the Liberals in Ottawa alongside John Diefenbaker, Bob Stanfield and Joe Clark, I hold some strong opinions as to which party I would prefer to see form the government in Ottawa. But my commitment to supporting strong national government relates to my view of Canada and the needs of our nation and not to any partisan affiliation. As Premier and as a Canadian my duty is to sustain, without equivocation, the national vision of men like Macdonald and Robarts and I will continue to do so.

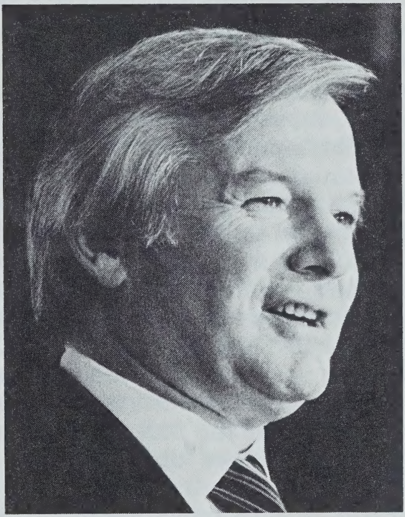
I took that position in Quebec when I campaigned against René Lévesque and the separatists there. I took the same position when I felt that the interests of Canadians were threatened by a revenue distribution and pricing system related to the energy situation in Canada.

This now highly controversial energy issue, I would assert, is fundamental to the kind of choices Ontarians must make. There are those seeking support in this provincial election campaign who have flirted with accepting the notion of world price. We, on the other hand, are asking Ontarians to reflect on our consistent championing of what we regard as fair Canadian energy pricing and the effective sharing of the national fiscal burden by all regions. We believe that this is the basis upon which all Canadians can derive some of the benefits of the good fortune that has befallen this country because of our real and potential energy resources.

Now, I am well aware that some in our country would accept, with equanimity, a very significant crude oil price increase. And I assume that a significant percentage of those who would, could easily adjust. In fact, some may think it would be good for the soul. But much more is involved.

In the first instance, with energy and food prices already expected to rise by approximately twenty per cent and fifteen per cent respectively this year, the additional loss of spending power, and consequently jobs and growth, caused by a big jump in prices now would be dangerous and unnecessary. But fundamentally, a long-term settlement of oil and natural gas pricing demands that we come to grips with the immense challenge of agreeing on a fair sharing of our natural resource revenues.

The Honourable
William G. Davis,
Premier of Ontario



This cannot be avoided. At stake is the viability of our federal system, as well as our capacity and, indeed, our willingness to pursue common goals.

Our policy statement of August 1979, was straightforward. We did not ignore, in fact we documented, the array of factors pressing for higher prices. However, we warned that if prices did rise substantially a basic change in distribution of resource revenues was absolutely fundamental if we were to:

- achieve national oil self-sufficiency;
- avert an unnecessary recession;
- avert undue hardship to the consumer;
- enhance industrial adjustment for all regions.

That, in my view, remains the dimensions of the challenge. Rather than inflict economic harm on each other, we must get on with serious and candid discussions and set aside evasive rhetoric and escalating distrust.

I am not without understanding of the difficulties and the seriousness of the current situation. Further, as I have said earlier, it is both sad and of deep concern that a provincial government, presiding over the most rapidly expanding economy in the country, should respond to this prolonged disagreement by imposing serious economic penalties on the people who live in the rest of Canada. Surely that is unacceptable to the vast majority of Canadians, including those who live in the western provinces.

The government of Ontario has neither the authority to set oil prices nor control over oil production. The people of Ontario, however, as Canadians, have every reason to expect that the national interest will govern the ultimate resolution of this matter. That interest requires that the federal government and Alberta get on with serious discussions to resolve the situation without delay.

For our part, we intend to develop our attitudes and undertake our activities with that same national interest in mind. And, if I may say so in your midst, Ontario will play its role more effectively and to greater purpose if, after March 19, it is represented by a government that has been given a clear and precise mandate by the people of this province to speak and act on their behalf.

And now let me turn to the closely related issue of the constitution. I say closely related because the troubles associated with energy clearly overlap with those now facing our country in regard to the constitution. Indeed, I remain absolutely convinced that if the questions arising from energy pricing and supply had been resolved, we would not have a "constitutional crisis" in Canada today.

As to my own position on the constitution, I am again shaped by the tradition that I have inherited as an Ontario Conservative. It is a tradition that serves Canada first and well.

There is much about the present constitutional issue that is unsettling for a Premier from Ontario. I am not particularly glad of heart that I am, except for New Brunswick, somewhat isolated in my support for constitutional reform as it is currently being proposed. As is well known, the Prime Minister of Canada shares neither my politics nor my approach to the art of politics. There are many things he has done that I would have done differently. Ontarians know that confrontation has not been my style, nor my preference. Yet, we in Ontario must keep in mind that there are no confrontations without excess on both sides. We should also remind ourselves that in a free society important change is not likely to occur unless there is some resistance and even bitter debate.

In 1979 and again last September, I proposed to the first ministers of this country that we get constitutional reform underway by at least taking the step to patriate our constitution, with an amending formula if possible, but without it if no agreement could be reached. As far as I can determine, we could attain almost complete unanimity on that proposal today but, unfortunately, few were willing to act on it at the time.

We support the existing proposals for constitutional reform because they represent our traditional priorities and loyalties and because they are consistent with our overall views as to what is best for Canada — views that we have supported at constitutional meetings for well over a decade.

What are the key elements we have championed for over a decade?

— A strong national government is preserved.
— The monarchy is protected.
— Human and political rights are enhanced.
— The right of Canadians to move from province to province freely to pursue their own future is enshrined.

- The right of parents to educate their children in whichever of the two founding languages they choose is protected where numbers warrant.
- The continuing capacity of the provinces to protect private property remains unchanged.
- A fair amending formula is proposed to meet the country's future needs for change.

Much of this, of course, was set out in the so-called Victoria Charter of 1971. That charter, you will recall, originally received support from all provinces. Indeed, even though it was not perfect, one Toronto newspaper said:

> . . . what is in the charter, in fact, is of almost no importance. It is the idea that is important.
>
> The particular surge of discussions which peaked in Victoria has continued over four years and eight conferences. It must reach a point of decision now or fail for years, perhaps forever.
>
> The present constitution can be amended, where both federal and provincial governments are concerned, only with the consent of all eleven governments. The charter would make this possible with the consent of only six of the eleven. It would be, by that much, more flexible than what now exists: that much more capable of accommodating difference . . .

The Globe and Mail meant what it said on June 23, 1971, just as I did when I spoke on behalf of Ontario in support of that charter almost a decade ago.

It would be possible, of course, to comment at length on each of the various elements of the constitutional package now before the federal Parliament. I shall not try your patience by doing so. There is one matter, however, in which Ontario has featured prominently, that of language rights, on which I feel compelled to make this brief comment. To those, both here in Ontario and elsewhere, who would attack me for not making Ontario officially bilingual I offer a simple and direct response. Unnecessary excess that corrects no injustice serves no purpose. Understanding and commitment to fairness, on the other hand, breeds tolerance and co-operation. We will not, in Ontario, be stampeded to repeat the mistakes of others. We will chart our own path, in fairness and understanding, in the broad interest of all Ontarians.

In summary, we have a package of constitutional changes that are consistent with Ontario's traditional views as well as our perception of current needs. I regret that many of my fellow Premiers do not share that overall view but to wait for unanimity would be to wait forever. Canadians deserve better.

During the Confederation debates of 1865, Macdonald issued this invitation:

> I would again implore . . . not to let this opportunity pass. It is an opportunity that may never recur. . . . If we do not take advantage of the time, if we show ourselves unequal to the occasion, it may never return, and we shall hereafter bitterly and unavailingly regret having failed to embrace the happy opportunity now offered . . .

That invitation was taken up by George Brown, a man of political persuasion quite other than Macdonald's, who said on February 8, 1865:

> There is one consideration, Mr. Speaker, that cannot be banished from this discussion, and that ought, I think, be remembered in every word we utter: it is that the constitutional system of Canada cannot remain as it is now. Something must be done. We cannot stand still. We cannot go back to chronic sectional hostility and discord . . .

Such words, uttered by two Fathers of Confederation over 116 years ago, strike me as being very appropriate today.

Surely there can be no doubt that all reasonable Canadians are anxious to see the current constitutional wrangle put to rest. Having believed for many years that constitutional reform required certain basic elements, and being now presented with a package that includes many of those basic elements, I, for one, cannot and do not believe that it is the content of the proposed package that is causing the bulk of the difficulty.

Rather, in terms of provincial resistance, it is what each regards as the missing elements that is causing the majority of the Premiers to oppose the current proposals. When they see constitutional arrangements that they believe are essential being ignored, and when they see what they feel is the Prime Minister's "unilateral action" on this package, their resistance grows in all dimensions and the arguments become even stronger. And that situation, in turn, complicates the process and leads to the constant debate and court actions that are all part of the current drama.

This is all extremely disturbing to the Canadian people, including the citizens of Ontario, who would like to believe that their politicians, on behalf of their people, could settle such issues in a somewhat more civilized and even-handed way.

Unfortunately, we have not met their expectations. Indeed, some have moved so dramatically in the other direction that process and substance are now completely intertwined in the thinking of many of the Canadian people and they are both upset and confused.

For Ontario's part I see nothing to be gained by adding to the confusion. I am not, quite frankly, happy with the process and, while I may be reflecting the benefit of hindsight, I believe that it could have been handled in a more effective, less provocative way.

The debate was necessary; voices on all sides deserved to be heard; there was and is no need to hurry the process to the extent that anyone is denied his opportunity to speak or have his point of view considered.

But the fact that events have not unfolded as smoothly or as effectively as one would have liked is not, in itself, justification for (if I can use a very Canadian phrase) "moving Ontario off the puck" – that "puck" being a package of constitutional reforms which we feel is sound and support for which had been part of the Ontario position long before I became your Premier. And I sincerely believe that when the constitutional changes are in place and an acceptable energy package has been completed, the nature and dimensions of the current debate, with all its apparent bitterness, will not have permanently divided the country.

Arriving at this conclusion, quite frankly, has not been easy. For all kinds of reasons, not the least of which were political, Ontario could have abandoned its support in the face of the growing storm. Particularly disturbing, I might add, has been the reported possibility of the difficulties the package may encounter at Westminster and the subsequent impact that such difficulties could have upon our relationships with the United Kingdom and, indeed, the monarchy.

As you know, with respect to the monarchy there is no equivocation as to Ontario's position. It is the basic symbol of our British democracy. It is, therefore, non-negotiable. Her Majesty the Queen will reign as the sovereign of this nation, and as the sovereign of this province, as long as I have a role in the public life of Ontario. That commitment is fundamental to everything I have ever stood for.

In summary, let me stress that I am not here today to make excuses for my vision of Canada. I am here to say that a strong Ontario – supportive of the national interest, conciliatory to its sister provinces, true to its loyalties and principles, envigorated by appropriate programs of economic growth and expansion — is the instrument for national unity we all have the power to help shape.

What kind of voice will Ontario bring to the national table? What mandate will those who speak for Ontario have? Who will speak for the vision of our people, the aspirations of our children, young Canadians all who believe desperately in one Canada, strong, democratic and free? Those are among the more serious decisions Ontarians will be making on March 19.

As they ponder that choice, I can only offer this one, simple pledge. No challenge can overwhelm us as long as we believe in ourselves. No threat to national unity can prevail as long as we, the Canadians of Ontario, stand resolute and firm. No Prime Minister and no other provincial Premier can weaken the goodwill that binds Canadians, if we, the Canadians of Ontario, sustain our goodwill to all who share this magnificent nation with us. No economic difficulty need be left unchallenged as long as we have adequate self-confidence and do the best we can.

The future will belong to those in this country who are not too timid to believe in it, and thereby affirm their faith in themselves as Canadians.

All across Canada the economic and political leadership we choose will determine our capacity to sustain that pledge.

The great people of this historic and loyal province have always played their part. That will not change. To that end, led us dedicate our efforts and our hearts. To that end, let us all, as Ontarians and as Canadians, leave no stone unturned.

The thanks of the club were expressed to Mr. Davis by Arthur Langley, a Past President of The Empire Club of Canada.

MARCH 12, 1981

What Everyone Should Know about the Supreme Court of Canada

AN ADDRESS BY The Right Honourable Bora Laskin,
CHIEF JUSTICE OF CANADA

CHAIRMAN The President,
Reginald Stackhouse

DR. STACKHOUSE:

Ladies and gentlemen: The Empire Club of Canada is privileged to be addressed today by the Chief Justice of Canada. Although the club has been visited by every Prime Minister since Sir Robert Borden, this is the first time that an incumbent chief justice has spoken to us. The privilege is all the greater because this high office is occupied by a jurist so eminent in his profession, so respected in his nation.

But in a sense this meeting is a kind of homecoming, so much of Chief Justice Laskin's professional life having been spent in this city, so many of his audience being former associates and students.

Born in Fort William, Ontario, he came to Toronto as a university student. After further study at Harvard and a call to the bar, he joined the University of Toronto law faculty in 1940, and taught either there or at Osgoode Hall for the next twenty-five years.

His reputation as an academic lawyer in those years was widespread, especially for well informed, carefully balanced opinions that were phrased in judicious understatement — such as this quotation from his classic work on constitutional law:

> No amount of care in phrasing the division of powers in a federal scheme will prevent difficulty when the division comes to be applied . . . The British North America Act has not escaped this difficulty.

Possibly the Chief Justice agrees with that now more than when the professor wrote it!

These years in academe ended in 1965 when he was appointed to the Ontario Supreme Court. Like Felix Frankfurter, he may have felt a man could desire no better title than to be called a professor of law, but fortunately for their countries, both men heeded the call of the court.

After five years, he was translated to the Supreme Court of Canada, and in 1973 he was elevated to the highest judicial position in the land.

The wide respect in which he is held is clear from the long list of honours he has received: Fellow of the Royal Society of Canada, Fellow of the British Academy, Honorary Bencher of Lincoln's Inn, Chancellor of Lakehead University, honorary doctorates from twenty-two universities.

The club is truly privileged to welcome today such a distinguished jurist, a lawyer's lawyer, and a great Canadian, the Right Honourable Bora Laskin.

CHIEF JUSTICE LASKIN:

Mr. Chairman, ladies and gentlemen: I am grateful to Dr. Stackhouse and to his associates of the Empire Club for giving me this opportunity and this splendid platform to speak to you about the Supreme Court of Canada. If, as a former teaching colleague of mine said, every man has only one speech, I am probably doomed to haranguing audiences on this one subject. It is not without purpose that I pursue it this afternoon. My object is to rid you of any notion that the Supreme Court is remote and that its decisions have no bearing on your day-to-day lives. You do not have to be a litigant before the Court to be affected by its judgements.

Such is the character of the cases that come before the Supreme Court that its decisions on them may touch you as husband or wife, as businessman, as corporate executive, as shareholder, as policy holder, as labour union member, as civil servant, as teacher or student, as policeman, as member of an administrative agency, as a member of government, whether municipal, provincial or federal, as a person accused of an offence, and so on. All economic activity and all exercises of governmental authority, whether by legislation or by executive order or regulation, are potentially the stuff or, should I say, the staff of our life.

A predecessor of mine in the office of Chief Justice, the late John R. Cartwright, was fond of saying that the Supreme Court like the navy is a silent service. He did not mean by this that members of the Supreme Court were never to speak out about the Court or discuss its operations with members of the public. What he enjoined was silence about the merits or demerits of decisions of the Court. Once rendered, they spoke for themselves. Certainly, they were open to public discussion, to public criticism or even acclaim, but it was for others, lawyers, law teachers, competent journalists, members of the public, to comment on them. It was not for the judges to enter the lists; their duty was discharged when judgement was given in any particular case.

This is still a sound position but I myself do not think that it is today an invariable one. I and my colleagues of the Supreme Court make frequent visits to our law schools and engage freely in discussion with law students and law professors about our judgements, and we do this occasionally in talks with and to members of the legal profession. In those instances, we speak as one group of professionals to another such group or groups, and we regard the exercise as an educative process both for our special audience and for ourselves. I have no doubt, however, that we can prudently engage the general public from time to time in a discussion of our work, and my appearance here today is in recognition of this obligation.

Last year, the Supreme Court of Canada became one of the items in the constitutional discussions carried on by the Continuing Committee of Federal and Provincial Ministers and, later, in the discussions by the First Ministers. Why the Court was so included still eludes me. The Court has been working well, although there do not seem to be too many who care to notice. It has kept reasonably abreast of its docket, notwithstanding the rising complexity of the cases on its hearing list. It has carried on and, I believe, strengthened its long-standing and preciously regarded tradition of cohesion and collegiality, so essential to the efficient and expeditious dispatch of its business.

An ostensible reason for including the Supreme Court in the constitutional discussions was to give the Court a constitutional status, which it does not now enjoy. Its existence is not guaranteed in the Constitution, as is the case with the Supreme Court of the United States and the High Court of Australia under the respective American and Australian constitutions. The Supreme Court of Canada, at the present time, is merely a statutory court, created by the Parliament of Canada in 1875 but, in the perspective of more than a hundred years, I think it is quite firmly founded. However, the discussion on the Court veered away from constitutionalizing it. There seemed to be some sentiment by the ministers engaged in the constitutional discussions that the Court should be regionalized, that appointments to it should be made on that basis and that, moreover, it should be enlarged to accommodate regionalism and dualism in respect of the Quebec civil law system. It saddened me that there

The Right Honourable
Bora Laskin,
Chief Justice
of Canada

was so little understanding manifested either about the nature of the Court's work or about the significance of the fidelity of its members to their oaths of office; so little appreciation of the importance of cohesion and collegiality in the dispatch of the Court's work. That work has no regional and, certainly, no political tie-in. The judges, once appointed have complete independence, verified by security of tenure to age seventy-five.

There was some grumbling during the constitutional discussions about some of the Court's decisions affecting the exercise of provincial powers, but there could have been equal grumbling from the federal side. Constitutional issues are always sensitive ones, and if there is overreaching by either Parliament or a provincial legislature it is the Court's duty to pull them back. Governments are better advised to draft their legislation with less bravado than to run the risk of overstepping the limits of their powers.

What was dismaying to me as I watched and read about the constitutional proceedings that took place last year was the total misconception that so many ministers and first ministers had about the Supreme Court. They treated it in political terms and, fallaciously, regarded it as a federal institution on a par with the Senate. Let me say, as forcibly as I can, that the Supreme Court of Canada is not a federal institution; it is a national institution and its members are under no federal allegiance merely because they are federally appointed. Just as there is no federal allegiance, there is no regional allegiance and no political allegiance.

If the ministers and first ministers had a better understanding of the character of our work, they would have realized that there is very little that is regional in that work. Essentially, we deal with national issues, with matters of general public importance that have no special regional connotation. The proposal, that emanated from and was supported in some quarters, to increase the number of judges from Quebec, in recognition of the assumed importance of cases under the Quebec Civil Code, was badly misconceived. The Quebec Civil Code is hardly a factor in our operations, and to the extent that cases rest on it we are already well served with three of our nine members being from Quebec. In 1979, there were only two cases of the some 110 or more that we heard that directly involved the Quebec Civil Code; in 1980, there were, again, only four out of some 115 cases that we heard.

The fact of the matter is that the cases that come to us from Quebec are no different from the cases that come to us from other provinces. In the important areas of constitutional law, administrative law, criminal law, labour relations law and large parts of commercial law, the principles of decision are the same throughout Canada. We deal with legislation more than with private law transactions that would bring the Quebec Civil Code into play. And may I add that even the Quebec Court of Appeal has a diminishing number of cases before it which turn on the provisions of the Quebec Civil Code.

The Supreme Court is already sufficiently regionalized in the appointments to it to reflect the character of our country and the volume of work that comes to it from various parts of the country. An increase in the size of the Court would impair our efficiency, make us less expeditious and raise the risk of having two Supreme Courts of Canada. We now sit in full Court of nine in most of our cases. A final Court needs intactness which would be lost if we had one or two judges on the fringes, to be moved in or out of cases, or if we were to sit in a larger number. There would be no gain to the law, to the precision of doctrine that is expected from a final court. The provinces may very well have a claim for greater involvement in appointments, but I say to them and to the federal government that there is no ground for altering either our present composition or our present jurisdiction.

I have considered that I can best inform you about the important features of the Supreme Court's operations if I do it by question and answer rather than by mere narrative. I propose therefore to put a series of questions before you and give you my answers to them in the hope that I can thus best feed your comprehension of our work.

The first question I would put may seem to most or all of you as superfluous. It is this: May members of the public attend the sittings of the Supreme Court? Answer: Emphatically yes. It is a cardinal principle of our judicial system that in general all court hearings are open to the public and I cannot think of any circumstances in which the public would be barred from hearings in the Supreme Court, subject of course, to the limits of available accommodation. I put the question only because I have often been asked, even by persons in public life, whether hearings of the Court are open to the public.

Q. How does a case get to the Supreme Court of Canada?

A. In general, it comes by way of appeal from a provincial court of appeal or from the Federal Court of Appeal. Cases do not originate in the Supreme Court of Canada save where the Government of Canada refers a question, usually a constitutional question, to the Court, as happened a few years ago with the Anti-Inflation Act and, more recently, with the Senate reference. In only a few instances is there an appeal as of right. It is necessary in most cases, both civil and criminal, to obtain leave to appeal, either from the provincial courts of appeal or from the Federal Court of Appeal or from the Supreme Court itself. As a rule, it is left to the Supreme Court to decide whether it wishes to accept a proposed appeal for hearing on the merits.

Q. How are applications for leave to appeal handled by the Supreme Court?

A. We hear applications for leave twice a month. They come before a panel of three judges. With nine judges on the Court, we are able to run three panels concurrently to take care of an ever growing number of motions for leave to appeal.

Q. What are the criteria for deciding if leave to appeal should be given?

A. It must be shown to us that there is, arguably, a matter of national or public importance involved or that there are conflicting decisions on some point of law among two or more provincial courts of appeal. One of the duties of the Supreme Court is to settle the law on public or national issues for the whole of Canada. I should add that money, the amount of money involved, is not a governing criterion for accepting a case for hearing.

Q. Because leave to appeal is required, does this mean that a case is argued twice, once on the application for leave and again when it comes on for hearing before an enlarged Bench?

A. No. Counsel sometimes have to be restrained on applications for leave from arguing the whole appeal, but it is only necessary to show that there is an arguable point involved on an issue of public or national importance that ought to be considered by the Court as a whole.

Q. Is there a time limit on oral argument?

A. There is a time limit of fifteen minutes for each side with five minutes for reply in the case of applications for leave and this limit is tolerantly administered. On appeals proper, there is no fixed time limit but only the limit of judicial patience. Members of the Court come to a case prepared by previous reading of the material filed by the parties. They thus get to the heart of the case very quickly, with a consequent saving of time. Most cases are heard in half a day or a day at most. Exceptionally difficult ones may take longer but it is very unusual for a case to go on for more than two or three days.

Q. If leave to appeal is granted (and I may say here that applications for leave are disposed of expeditiously, usually on the spot, and reasons are not given unless a question of jurisdiction is involved), what happens next?

A. The successful applicant then files a notice of appeal and inscribes the appeal for hearing in accordance with our rules. The case is placed on a chronological list which is distributed at the beginning of a term of the Court and is heard in due course. We have three terms, one beginning in late January, one in late April and one in early October, but we are moving the October term to an earlier opening date in late September.

Q. What happens to a case when leave to appeal is refused?

A. That is the end of the road and the judgement sought to be appealed stands. Refusal of leave does not necessarily connote agreement by the Supreme

Court with the reasons, or even the decision, given in the court below. Refusal of leave merely signifies that the Supreme Court does not consider that the case raises a question of sufficient importance to warrant us in bringing it up. Sometimes leave is sought on a question which, even if decided in favour of the would-be appellant, would not be dispositive of the issues in the appeal. Leave would be refused in such a case because we do not ordinarily deal with abstract or hypothetical matters.

Q. How are assignments made for the sitting of judges of the Court on the various cases?

A. This is a function of the Chief Justice but it is open to any judge to make suggestions. Five is a quorum so there can only be one Court at any one time. However, the Court sits more often than not in its full complement of nine, certainly in constitutional cases, in administrative law cases, in labour cases, and in criminal cases. Assignment is thus not an anxious problem.

Q. How are decisions reached?

A. They are reached collectively, but each judge may go his own way. The Court hearing a case holds a short conference in its private Conference Room at the conclusion of the hearing, even while the desks in Court are being cleared and the books arranged for the next case. Tentative positions are disclosed at this post-hearing conference with the Chief Justice eliciting the views of the judges, beginning with the most junior and then the others in order of seniority of appointment. He may assign a judge to write draft reasons or a judge may volunteer to do so. If a difference of opinion is evident, there may be writing by two judges on what may become majority and minority opinions. Or, a doubting judge or judges may wait until a draft is produced by a judge ostensibly writing for the majority. Positions may change, even by the judge who takes on the initial assignment. When a draft opinion is ready, it is distributed to the other judges for consideration. Suggestions for changes may be made and they may or may not be accepted by the writer. Informal meetings may take place between groups of judges. We wander in and out of each other's chambers. There is no such thing as not being on speaking terms with one another. All judges are brought together again at a conference called by the Chief Justice. We have no fixed and invariable conference periods. I call them every two or three weeks so we can better keep on top of our work. You must appreciate that it is the duty of the Court, especially since it is the top Court, the final Court, not only to decide but, as a general rule, to write so that the other courts, who are bound by our decisions, will be apprised of the law on the various issues that are litigated and the profession and the public will know the grounds of decision. In most cases, judgement is reserved so the Court can reflect on the case and give written reasons for the ultimate decision.

Q. Is there any limit to the number of opinions that might be written?

A. Theoretically, each judge who sits in a case may write separately. The purpose of our conferences is to reduce the likelihood of a multiplicity of opinions. If the Court is split, we try to see to it that there is one majority opinion and one minority opinion but this may not be possible in some cases in which different judges may hold strong views which they are entitled to express. We are individually independent of each other as well as of the outside world.

Q. Why are there dissenting opinions? Does this not make for uncertainty and does it not negate collective deliberation and conclusions?

A. The law is not an exact science. We deal with human behaviour in particular social settings or with commercial activity or with governmental activity, and one absolutely correct answer cannot be assured in complex cases which are carefully selected for hearing because they raise competing considerations that may lead to different results. Reasonable persons may differ on an issue that calls for resolution and dissenting judgements are valuable as signposts for a possible future reconsideration of principle.

Q. May the Court change its mind so as to reverse or modify what it had in an earlier case declared to be the law?

A. Yes; and it has done so in about half a dozen cases over the past five years. Human wisdom is not forever, and better argument by counsel and deeper reflection may persuade a Court at a particular time that an earlier decision should be reconsidered and reversed or modified. This is not often done but it is open to the Court to do it to keep the law current. Of course, Parliament or a provincial legislature may effect changes by legislation, and it is the duty of the Court to be obedient to the legislation subject, of course, to its obligation to interpret the legislation if it requires interpretation, and to apply it according to its reach.

Q. What are the daily sitting hours of the Court?

A. The Court sits from 10:30 a.m. to 1 p.m. and from 2:30 p.m. to 4 p.m. four days a week, Monday through Thursday and sometimes on Friday if a case spills over. It has an Easter recess, a summer recess and a Christmas recess but these are preparation periods for incoming work and also periods within which the members of the Court can write reserved judgements.

Q. If the Court sits four or five days a week and has preparatory work to do to familiarize itself with pending cases, how does it manage with its reserved judgements?

A. We have the assistance of law clerks, bright young women and men, generally just out of law school, who serve with us, as a rule, for a year and act as research assistants. They are now a necessary adjunct to our operations, writing memoranda for us and engaging in discussions with us on cases to be heard and cases already heard. They are in a sensitive and highly confidential relationship. The Chief Justice has two law clerks and the other judges have one each. We choose our own from numerous applications for these highly prized positions that come in as early as a year ahead of a prospective appointment. Having law clerks does not relieve us of daily work in addition to sitting on appeals. May I say, simply, that we are not governed by an eight-hour day.

Q. Is there any rule as to the time lapse between the date an appeal is heard and the date judgement is given?

A. No. The matter is in the hands of the Court and, to a degree, in the hands of the Chief Justice in administering the Court. He cannot, however, and would not seek to command, but only to urge if a judgement in a case assigned to a particular judge is slow in coming. We have ongoing work even while we are striving to get out judgements in cases already heard. In a small percentage of our cases, we give judgement on the spot at the conclusion of the hearing and the reasons are, naturally, quite brief. When we reserve judgement, we try to get our reasons and decisions out in not more than three to six months but it is at times much less and in very complex cases much more.

I have given you, I hope, some perspective on the operation of the Supreme Court that should conduce to a reasonable understanding of its centrality in our system of justice. I thank you for having me as your luncheon speaker and surrounding me with many old friends.

The thanks of the club were expressed to the Chief Justice by Major General Bruce Legge, President of the Empire Club Foundation and a Past President of The Empire Club of Canada.

MARCH 19, 1981

The Grand Old Lady—Past, Present and Future

AN ADDRESS BY R. Michael Warren,
CHIEF GENERAL MANAGER,
TORONTO TRANSIT COMMISSION
AND INTERIM GENERAL MANAGER,
CANADIAN NATIONAL EXHIBITION

CHAIRMAN The President,
Reginald Stackhouse

DR. STACKHOUSE:

Ladies and gentlemen: For over a hundred years, the Canadian National Exhibition has been a landmark of Toronto's lakefront.

The "Ex" has been so much a part of Toronto life it has become part of the calendar, functioning as a symbolic end to summer, its close each Labour Day telling Torontonians that the holidays are really over. It is thus more than a fair or showplace or carnival. It is part of our fabric as a community, an institution that gives shape to our corporate life. As such its fate and fortune matter to us all, and we are privileged to hear today from the person most prominently connected with plans for its future.

Mr. Michael Warren came to his duties as interim general manager with the benefit of many years' experience in charge of major public enterprises, most recently the Toronto Transit Commission of which he is general manager.

Immediately before that he had headed his own management consulting firm, an organization he formed after thirteen years of senior positions with the Ontario government, the last of which was Deputy Minister of

Housing. Before that he had been Deputy Minister for the Solicitor General and Deputy Minister for the Provincial Secretary and Minister of Citizenship.

Mr. Warren was then tagged as a young man in a hurry. He was at age thirty-two, for example, the youngest deputy minister the Ontario government had ever appointed. It is appropriate that such a person should initiate the renewal of the CNE because the Ex impresses many as needing rejuvenation, a grand old lady in need of a facelift, perhaps even an injection of hormones! As Søren Kierkegaard put it, one can look at life backwards, but can only live it forwards.

There are at present 1,620 major annual fairs held in 76 countries, in addition to specialized exhibitions and local fairs. Of this large number, only nine are regarded by the experts as having a world reputation. Seven of the nine are in Europe, one in the Middle East and, I am proud to say, the ninth is our own Canadian National Exhibition.

But for the CNE to remain on that level requires the kind of creative leadership our speaker of today is bringing to it, and I am very happy to present Mr. Michael Warren.

MR. WARREN:

Thank you, Mr. Chairman.

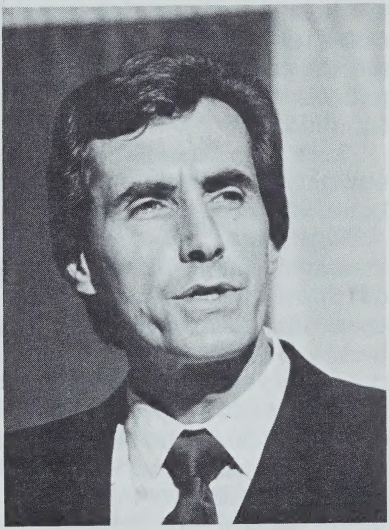
Head table guests, ladies and gentlemen: I must confess at the outset that I am intrigued by your decision to invite a civil servant to address you on election day. I can only conclude that you have either had your fill of politicians over the last few months, or this is your way of demonstrating the non-partisan nature of the Empire Club. Of course, I really hope it's because of your interest in the past, the present, and the future of the Canadian National Exhibition.

Mr. Chairman, after reading the results of a recent survey on people's reactions to long speeches, I will try to keep my remarks brief today. The survey reported that after thirty minutes, twenty per cent of an average audience is still paying attention to the speaker. Another twenty per cent is beginning to think about their next engagement or a coffee break. Apparently, the remaining sixty per cent of most audiences begin to indulge in sexual fantasies. On that note, Mr. Chairman, I can only say that I'm delighted that I've been able to give so many people so much pleasure over the years.

Seriously though, the tradition of this club is somewhat intimidating for a man who simply manages a local transit system, and in his spare time escorts a rather tatty old lady called the Canadian National Exhibition. You are used to having global issues brought to your meeting rooms by some of the world's mightiest and most adventurous people. I'm not in that category, but I am rather proud of our transit system and I am particularly excited about my new relationship . . . if I can put it that way . . . with the grand old lady of the waterfront.

Looking back through the collective histories of the CNE and the Empire Club, it is striking to see how much we have in common. We have literally grown up together; sharing each other's excitements, each other's sense of wonder — through good times and bad.

Just what have we shared? When the Empire Club called its first meeting to order in 1903, the crown jewels of Queen Victoria and King Edward were the major display that year at the CNE. In the seventy-eight years that have followed, almost half of the distinguished people who officially opened the exhibition also addressed the Empire Club. They have included: Governors General of Canada and Lieutenant Governors of Ontario, Vincent Massey and Pauline McGibbon among them; leaders of industry, including C. D. Howe and Sir Edward Beatty of the CPR; distinguished scientists: we had Frederick Banting, you heard from Charles Best.



R. Michael Warren,
Chief General Manager,
Toronto Transit
Commission
and
Interim General Manager,
Canadian National
Exhibition

We have both hosted our share of prime ministers — Borden, King, Diefenbaker and Pearson, to name a few. Actually, the CNE was officially opened by Wilfrid Laurier several years before the Empire Club came into being.

At your meetings, these speakers brought the sprawling world into earshot so that you could hear about it first-hand. They painted verbal pictures of the great events of the times.

At the Exhibition, Torontonians were treated to a four-dimensional kaleidoscope of the changing wonders of the world.

The CNE has never been quite like the other annual fairs in North America. The agricultural fairs are a fine tradition. If you close your eyes you can feel the warmth and pride of men and women showing off the best in great animals, fine husbandry and mouth-watering cooking. You can hear the squeals of children going over the top on the ferris wheel, and the shouts of their parents at the races, the horseshoe pit and other tests of skill. And, in your mind's eye, you can see the people full of laughter in their summer dresses and shirtsleeves. That has always been part of the Exhibition. But the CNE has been more than that.

Those who founded the Exhibition wanted it to be not only a celebration of the wonders of agriculture, but a celebration of technology as well.

They wanted Toronto's annual exhibition to be crammed full of the magic, the mystery and the fun of life in those days. They also packed it with experiences that might spark any boy or girl to go after the best, and go after it with daring. To do this, the CNE not only embraced agriculture, industry and technology . . . it also featured the best in entertainment, sports, art and music. This annual extravaganza was a window to the world and a Canadian stage for the new and exciting.

Forty years ago, Exhibition time was a memorable event for everyone. The dates for the CNE were even marked on most calendars printed in Toronto.

Do you remember the particular charm of it all? The smell of the candy floss, the sight of children with balloons and panda bears that were bigger than they were, and the surprise and delight of the small gifts and free food samples.

Children entered the grounds with a unique sense of anticipation. What to do first? Take it all in at once, or move quickly into the nearest building? And they were going to see things they had never seen before! The parents looked for things they did not have in their own homes . . . the latest appliances, new cars and fine furnishings. And the children would dart off for yet another senses-jarring ride on the midway, or to test their skill at the myriad of games. And when they finally got tired, they would slip into a satisfied sleep while their mothers and fathers sat on the grass listening to the bands and concerts.

As the day wound down, the evening came alive with the grandstand. It really was "grand" in those days with its pageants and choruses, and colourful displays like the RCMP musical ride. Do you remember the fabulous extravaganzas that were produced by "Mr. Showbusiness," Jack Arthur?

When the day was finally over, you would see families returning from the Exhibition, strung out in ribbons, through the streets of Toronto — the kids with their shopping bags packed to overflowing with treasures, struggling to keep up with their parents. They were tired, but their faces radiated a special feeling of pleasure as they headed home after a full day at the Ex.

There really was something for everyone in those days. It truly was a great show — the greatest annual variety show on earth. Around every curve in its streets there was the possibility of coming upon something fresh and unexpected; a show for the curious, excited child in all of us, a show that kept us going back day after day, year after year, and even then no one could see it all.

It was also a place for firsts, a place people went to see great and exciting things for the first time. When the world capitals of London, Paris and New York were in the heyday of gaslight, electric lighting was installed on the grounds and in the buildings of the CNE so that they could remain open in the evenings. That was in 1883, only five years after the opening.

Less than three years after the first manned flight, Torontonians saw a man fly an aeroplane at the Exhibition. A few years later, Gaston Chevrolet came to the grandstand to race his new-fangled automobile against a woman, Ruth Law, flying an aeroplane. Can you imagine the excitement of that race — the leather helmets and goggles, the gloves clutching at the wheel, particularly for an audience that had only seen one aeroplane before and had probably seen very few automobiles. Imagine how daring it was for a woman to fly that plane! And we think we live in the era of women's liberation.

Can you guess what the big ride was in 1883? It was the first electric street railway in North America with Thomas Edison himself at the controls. It was on a line running to Strachan Avenue that Edison completed his experiments with the streetcar.

In 1888, Edison finalized his improved phonograph. That same year, the opening address to the CNE was recorded. It is now the oldest recording in the world.

That brings me to radio. Here is a newspaper account from 1922: "Radio, that latest and most mystifying marvel of science, was demonstrated in a striking way by the *Toronto Star* in a building in the west end of the park and also through its popular radio car . . ." Imagine the feeling of witnessing the broadcast at the Ex. Remember, it was at a time when only a few families had ever gathered around the amplifying horn while dad adjusted the cat's whisker.

It is even believed that the hamburger, the first hamburger, may have been made at Duggan's restaurant by Eli Dalls and a friend of his who ran Wonderbread Bakeries.

Those were indeed the good old days. They are a hard act to follow. How do you do that today? You can't have a Venus probe circle the grandstand. Still, it is part of the current challenge that we are enthusiastically, and I hope creatively, trying to meet.

Earlier, I mentioned that the Empire Club and the CNE have shared a long and colourful history. It is evident that we also face some of the same challenges for the future. Both of us have to guard against becoming complacent and, in the process, losing our relevancy in a changing world.

There is a difficult balance to maintain. On the one hand, there is the need to preserve the best of the past. On the other, there should be a willingness to embrace a sense of the future. You have to ensure, for example, that your speakers reflect a wide range of backgrounds and viewpoints. In short, you have to have variety to stay alive. So does the Exhibition.

Also, the Empire Club, like the CNE, now finds itself part of the rich, cultural and ethnic mosaic that currently constitutes Metropolitan Toronto. While both of our institutions have sprung from largely Anglo-Saxon beginnings, we now play our respective roles on the rostrum and stage of one of the most cosmopolitan communities in the world. For the CNE to survive and prosper, we will have to reach out to this changing market in a fashion that truly provides "something for everyone."

While the past is fascinating, so too is the present and the future. Before talking about what we are trying to do at the Exhibition this year, I would like to make three general comments.

First, far from being a failure, the Ex is still the biggest annual variety show in the world. It has an audience of more than three million during the twenty-day fair, and nearly ten million people visit the grounds year-round. So there is a loyal and varied audience to build upon.

Second, our immediate, short-term goal is to stage a first-rate fair in 1981, one which will demonstrate that the CNE has a continuing place in Toronto's future. This year's fair is being carefully crafted in a way which will combine the best of the past with new entertainment dimensions that will woo back the disinterested and appeal to a broader cross section of people.

Thirdly, there is a long-range issue which is really exciting, and that is the overall master plan for Exhibition Place — the future use of that extraordinarily valuable three hundred acres that sit on our waterfront.

Before speculating about the long-term future, I would like to talk about this year's fair. Nineteen-eighty was undoubtedly a mixed year for the Canadian National Exhibition. Profits were better than budget, but attendance was moderately down. More importantly, the image and the very *raison d'être* of the CNE were seriously questioned in many quarters.

This prompted us to try to bring into clearer focus some of the basic facts of life for an exhibition like the CNE.

Essentially, there are three fundamental, interrelated components in its operation: attendance, profit and quality. By quality, I mean the total entertainment experience that the CNE offers to its visitors — the variety, the "magic," and the value. A successful Exhibition depends on the right blend of these three components.

If profit were the sole goal, it could be achieved by cutting back on the number of free attractions offered to visitors and by further commercializing the site. But this would narrow the Exhibition's attractiveness to a wide spectrum of people and attendance would decrease even further.

On the other hand, if the only goal were to maximize attendance and if money were no object, more free entertainment and substantially decreased food and admission prices could be offered. In this case, attendance would undoubtedly improve, but both the CNE and the taxpayers of Metro would face a substantial annual deficit.

The third component, the quality of the entertainment experience that is offered our customers, is the key to finding the right balance between attendance and profits.

Earlier this week, you might have read about a so-called secret report that I prepared in response to the question "How would you show a profit of one million dollars?" The question came from the Metro Council budget sub-committee in the course of their review of the CNE operating budget.

That report crystallizes the nature of the relationship that I am talking about. In essence, it showed that yes, such a profit could be obtained, through some potential revenue sources, but largely through spending cuts. We estimated that these cuts would reduce attendance by a further three per cent in 1981. Profits would be up, but attendance would be down for the third year in a row.

Our primary goal in 1981 is to arrest the declining attendance. Attendance is viewed, whether we like it or not, as the primary yardstick of performance at the Exhibition. Yearly and daily comparisons appear on the front pages of our newspapers while the Exhibition is on. And, certainly, the attendance declines over the past couple of years have caused our partners at Metro and the media to focus increased attention on the stewardship of the Exhibition.

Keeping this in mind, we did some research to find out just what has kept people away. Last year, teenagers did not attend as much. Many of them went to the summer midway which was open prior to the Exhibition. They found it lacking and, as a result, saw little reason to return to the Exhibition itself. The summer midway will not return in 1981.

There were other major reasons for the attendance decline as well. Economic conditions played some part. But many of those who did not attend last year, or who went less often, found that the 1980 Exhibition was not up to its usual standard of quality and found it lacking in value and variety. The main problem, though, was that for a host of reasons, some forty-eight per cent of those formerly attending the Ex had simply lost interest.

We went further and placed full-page ads in the major daily newspapers in Southern Ontario asking the public to tell us "What's needed to make the 'Ex' better?" Thousands of people have replied, mostly with constructive and sometimes very imaginative ideas. Even more significant, this flood of responses from individuals of all ages and backgrounds wanting to be, as the ad said, "part of the Exchange," is tangible evidence of the goodwill that still exists out there towards the CNE, even in the midst of a bleak winter.

We have now taken the results of all the research, the suggestions from every source, and forged them together with our own knowledge and expertise to produce the operating plan for the 1981 fair.

The formula for a successful Exhibition this year can be expressed quite simply:

— Take a fair built on a 102-year tradition.
— Retain and improve its best features.
— Add components that are new, exciting and give good value.
— Package it honestly, persuasively and attractively.
— Promote it dramatically.

The "chemistry" of the fair itself? Well, that too can be described very succinctly. We are going to improve the food; reduce the commercial clutter; enhance the park-like setting; roll back the prices on the midway; restore many of the buildings; get rid of the peeling paint; line the streets with colourful banners and bunting for the daytime, and fill the trees with tivoli lights for the evening; provide more music and free entertainment; make it a much cleaner CNE; introduce picnic areas; make the grandstand a stage for world-class entertainment; introduce new exhibits; and improve our customer relations.

In short, we hope to give people a more enjoyable, fun-filled, value-packed entertainment experience.

Food has always been an important part of the Ex. The Food Building itself, which is visited by over seventy per cent of those who attend the fair, will feature more demonstrations and sampling this year. With the active co-operation of the exhibitors, we expect that the public will enjoy a return to the kind of food bargains that are reminiscent of the "good old days" at the Ex.

We are also making arrangements to bring some major food franchisers to the Exhibition for the first time. I expect that both fast food and family sit-down operations will be introduced. You can also look for an improvement in the quality of food, the portion control, and all at reasonable prices.

We are also in the process of reducing the number of concession outlets on the site. The aim is to find a more acceptable level of commercialism on the grounds and in so doing restore some of the park-like setting that has been missing at the Exhibition in recent years. Our budget for keeping this noticeably more attractive setting cleaner will be increased by fifty per cent.

A lot of attention is also being given to the midway. New rides, never before seen in Canada, will be added, and prices will be rolled back to 1979 levels.

The grandstand will again be "grand" indeed. It will feature top-rated talent ranging from the best of contemporary artists, to rock, to middle of the road, to children's features.

Professional rodeo is now one of the most popular forms of family entertainment in North America. Negotiations are under way to feature, in the grandstand, for several days, one of the world's best professional rodeos. This would be the first major rodeo to be seen in Metro Toronto for decades and will add an exciting western flavour to this year's Exhibition.

A perennial favourite, the World Festival Tattoo, may well include a fantastic new attraction which would be appearing for the first time on this continent.

The grandstand program, coupled with the variety of free music that we will be offering, should provide something for everyone, and act as a major drawing card for the 1981 CNE.

I hope all of these and other initiatives will return the Exhibition to the days of good time fun and values. I really do want to see men in their shirtsleeves and women in their summer dresses taking their ease in the parkland, with their children around them. To help this happen, we are forming a new visitors' services department this year. The department will hire and train thirty-five college students, who will act as roving hosts and hostesses throughout the grounds, reaching out to our customers and helping with any concerns that they have.

We also want to return to the excitement of new technology, which marked earlier exhibitions. This year, in co-operation with a number of high technology firms who are interested in providing sponsorship, efforts are being made to feature a futuristic exhibit in the geodesic domes. This new exhibit may give us all an insight into the future of our cities and the life-styles that lie ahead for all of us.

Today's Exhibition, and tomorrow's too, must reflect Toronto's vitality, its verve and daring, its power and excitement. Sure, it is the Canadian National Exhibition. But just as Expo '67 was a world exhibition which reflected the vitality of Montreal, so must the CNE show the strength of Toronto.

To do that fully, the CNE must reflect the corporate and financial strength of Toronto. We need the help of many of the organizations represented in this room for the financial support, the endorsements, and the sponsorships that are so vital to the CNE's success.

This year, we are experiencing a new spirit of co-operation and support from Metro Council, our concessionaires and our customers. We also need a renewed interest from the business community.

The CNE itself is already big business, but it could make an even more significant contribution. Of the three million people who attend the fair, over forty per cent come from outside of Metro. These 1.2 million visitors pump over forty million dollars annually into the local economy during their stay. So the Exhibition is not only fun and entertaining, it is also an important contributor to the economic health of Metropolitan Toronto.

What are the opportunities for business to participate with the CNE? They really are endless. Each of the twenty days features a theme. One avenue is to sponsor a theme day luncheon and contribute speakers to that important forum. Another is to help underwrite the costs of the free entertainment I mentioned earlier. You can choose from the Disneyland show to musical performances in the bandshell. It all helps, and it can all contribute to an enhanced corporate image.

That's a look at the past and the present. What about the future?

At the moment, Exhibition Park is one of the most under-utilized pieces of prime real estate in Toronto. It could be, with some foresight, daring and imagination, Metro's finest year-round entertainment, recreation and trade complex.

Exhibition Park has everything going for it. Connection to the waterfront and the unlimited possibilities that implies; good transit access with potential for improvement; proximity to all the amenities that downtown Toronto offers.

Currently, the grounds and some of the buildings are occupied year-round, but there is no question that our facilities could be used more. Many of the buildings are not heated and, as a result, their use during the non-CNE period is severely restricted. Also, many of the existing buildings are old and rundown and are not suitable for year-round use. Decisions will have to be made to either invest in these structures to restore them, or to replace them.

In this connection, I'm sure most of you have been exposed to the speculation about the schemes that are being envisaged for Exhibition Place. Reference has been made to proposals for a new hotel complex, a domed stadium and a new trade centre, as well as ideas for constructing an aquarium, a super midway, a new sports complex and a major new exhibit building.

While Metropolitan Toronto officials have already done a good deal of preliminary work on a number of the pieces of a master plan, more analysis has to be undertaken to pull these pieces together into an overall concept, one that will gain the support of the financial partners, including Metro, the province and, perhaps, even the federal government.

The material that has been prepared will be utilized by a senior task team that was recently formed, consisting of the Metro commissioner of parks, recreation and property, the assistant deputy minister of industry and tourism, and myself. We, in turn, will make recommendations to a policy group made up of the Metropolitan Toronto chairman, the Ontario minister of industry and tourism and the president of the CNE.

As usually happens in these studies, one is immediately deluged with answers from all quarters. But, from my perspective, I think our first priority should be to identify the right questions.

For example, we have to anticipate what the entertainment, sports and recreational needs of the public will be, not just today but also five, ten and fifteen years from now. We also have to better understand the needs of the business community, particularly those businesses who rely heavily on trade shows to promote and sell their products.

Essentially, then, one of the first things that has to be done is a survey of our markets before we become too preoccupied with defining the final overall concept. Once we have determined the real needs and interests of our various publics, then we can begin to design a multi-use facility that meets their needs. Naturally, we will also have to take into account the future role of such great attractions as Ontario Place, the stadium corporation, and Harbourfront.

I understand the timetable to develop the basic master plan is roughly a year. But, obviously, it will take many years to fully implement the concepts that are ultimately approved by the public sector partners. So what you will likely see is a staged process of realizing the full potential of Exhibition Place between now and the end of this decade.

I personally feel a new sense of momentum and impetus about the master plan for Exhibition Park — one that simply hasn't existed before. It is getting easier for me to envision the CNE grounds being transformed into a vital and glittering piece of the development that is taking place on Toronto's waterfront. The end product of this process could be a showplace for Metropolitan Toronto, the province, the nation, and beyond.

Mr. Chairman, while this tantalizing look into the future may be uplifting, I expect that many of you, when thinking of the CNE, will continue to conjure up the same mental images as I do. The image that is the strongest with me is one that I hope we will always see in this city, the sight of families trudging home through the summer evening, tired but satisfied, with a look that only comes after a fun-filled day at the Ex. That picture is part of our heritage and a part that I think is worth preserving.

Ladies and gentlemen, I conclude by extending a personal invitation to all of you to come and join us at the 1981 Canadian National Exhibition. It will be a fair to remember!

The thanks of the club were expressed to Mr. Warren by Robin Chetwynd, a Director of The Empire Club of Canada.

MARCH 26, 1981

Canada-United States Relations in the Eighties

AN ADDRESS BY The Honourable Flora MacDonald,
P.C., M.P.,
MEMBER OF PARLIAMENT FOR
KINGSTON AND THE ISLANDS

CHAIRMAN The President,
Reginald Stackhouse

DR. STACKHOUSE:

Ladies and gentlemen: Name recognition is one of the most sought after prizes by any politician, but it is a prize well secured by today's distinguished speaker. Go anywhere in this great country and mention the name, "Flora," and your fellow Canadians will know whom you mean.

This is not to be wondered at in view of her long and effective service to her country. She has played a part in no fewer than forty-four federal and provincial general elections and by-elections, as well as three national leadership conventions. Her entire career, in fact, has been devoted to political action with the exception of years as an administrator-tutor at Queen's University, appropriately in the political science department.

In 1972 she sought elective office for the first time after many years as a party official. Elected Member of the twenty-ninth Parliament of Canada for the historic constituency of Kingston and The Islands, she has been returned in three elections since then.

In 1979 she was appointed Secretary of State for External Affairs, the first woman to hold that prestigious and strategic portfolio. Although like the rest of her colleagues she was privileged to keep that ministry only a matter of months, they were long enough for her to make her mark on the country and on the international community.

Perhaps this was because she is richly endowed with qualities the rest of Canada has come to identify with Cape Breton Island. These are a sense of justice that demands wrongs be righted, a sense of conviction that threats should be answered, and a sense of humour that demands challenge be moderated by good cheer.

In foreign policy she showed all these. Whether it was moderating a Middle East policy that would not have worked, authorizing a brave but hazardous escape for American diplomats from Iran or calling for Russian retreat from Afghanistan, her voice was always clear, was always heard, and was always respected.

Today she comes to us as the opposition critic on external affairs to speak on Canada-United States Relations, and it is a great privilege to present to you the Honourable Flora MacDonald.

THE HONOURABLE FLORA MACDONALD: Mr. Chairman: It is about eighteen months since I last addressed this gathering. I was then Secretary of State for External Affairs.

At that time, October 1979, the government of which I was a member had been in office for exactly four months. Those months had been, as I described to you then, four months of relentless meetings, consultations, briefings, and international meetings.

For us as new cabinet ministers, there were great challenges involved in mastering our individual portfolios, creating the legislative program for the government, and getting a grip on the budgetary process which, we felt, was and is out of control.

These essential activities left little time for reflection on what we ought to be doing in foreign policy and yet such reflection is essential if we are to have a framework within which we can respond to problems and challenges as they arise.

In my speech to you at that time, I set out what I considered to be some of the international developments to which our foreign policy ought to respond. And as you may recollect, I proposed and had initiated a review process of our foreign and aid policies in which all groups were invited to participate.

As I said at that time, foreign policy

> has enormous implications for each and every Canadian — for our security, for our economic well being, for our contribution to the rest of the world. Given the international pressures which exist, we must realize that if we don't exert every possible effort to devise the kind of foreign policy most appropriate to Canada in the 80s, others may.

The events of the past year persuade me that that statement is just as relevant — indeed just as pressing — now as then. I for one consider it a great mistake that the present government seems unable to clarify its position on the direction of Canada's foreign policy; rather, it shifts from one problem to the next, merely reacting to external events, with little thought for anything but the justification of its present policy.

As we now move into a world where our international trade is jeopardized by the rise of protectionism, where the Western Alliance shows all the marks of a developing split between the United States and the West Europeans, and where even our bilateral relationship with the United States is under considerable strain, now more than ever it is important for us to clarify our policies and establish our goals.

That is what I hoped the foreign and aid policy review I had under way would achieve. It is not my intention to attempt today to review the full range of issues in our foreign policy, but any reassessment must begin with our North American relationship, both bilaterally and in the context of the Western Alliance.

The recent election of President Reagan has, of course, brought home to all Canadians the importance of our special links with the United States. Despite some apprehensions, and despite the lengthening list of disagreements with the administration in Washington, we have the great advantage of a long tradition of friendship and cultural familiarity with the United States.

The mood of Parliament when President Reagan made his speech to the joint gathering of the Commons and the Senate reflected this. It was, I think, very important that we showed our respect to a man who represents the United States not only as its chief executive, but also as its Head of State. It is, after all, of great importance that the President chose Canada for his first trip outside the United States.

At the same time, the Canadian mood at that gathering in the House of Commons was sober and concerned. For if the President's visit was desirable and successful, we must also admit that it was *only* about style and atmosphere, and not about substance. After the departure of the President, the substantive issues remain.

What should we now do about the most immediate problems on the bilateral agenda? I suggest that we must wait to see how the Reagan administration responds to the issues of greatest concern to Canada — to see how his thinking and policies are affected by his visit here.

In regard to the east coast fisheries, for example, there is no sense now in continuing to complain about the loss of the treaty. Instead, we must see how the President responds to the need for parallel measures of conservation and control applied by both countries

The Honourable Flora MacDonald, P.C., M.P.,
Member of Parliament for Kingston and The Islands

to the George's Bank. If he acts to persuade the New England fishermen that there must be restraint and conservation in their practices, then I think we can feel some confidence, first, that President Reagan has acted upon the views expressed to him here in Canada, and secondly, that the procedure that he now intends to follow — namely, the submission of the boundaries dispute to arbitration and then the negotiation of an agreement on the fisheries — will be a satisfactory resolution to the conflict.

In the question of transboundary and Great Lakes pollution, we ought now to give President Reagan time to absorb and assess the importance of these issues to Canada. We should realize that, with the greater part of our population so close to the border and the Great Lakes, where the effects of pollution are greatest, what for us is an issue of direct concern is a very distant and obscure problem for the great majority of Americans. For the most part, they live far from the border and have no sense of the severity of the damage caused by industrial pollution.

Now that the administration has heard our views on this matter, let us see how the President responds. If he takes the necessary measures, including joint regulation, that are required to prevent the deterioration of the environment, then we can again measure the success of his visit to Canada.

There was, of course, another issue in the background of President Reagan's visit. It is the national energy policy. On this question, pretty clearly the President is looking for some signs of change on the part of the Canadian government. And it is not too fanciful, I think, to recognize that the very limited promise on the financing of the northern pipeline also constituted a warning. Will it be possible to raise twenty-five billion dollars of private financing in the United States if Canada is seen at the same time to be discriminating against American-based multinationals in the oil and gas industry?

Even more ominously, there are many suggestions now in the United States that the low cost of oil in Canada constitutes a subsidy to Canadian industry which may call forth protective measures by Washington. And our low prices have been even more underlined by the recent deregulation of oil prices in the United States.

I need hardly say that there are many aspects of the national energy policy which are thoroughly opposed by my party. We have major objections to the unilateral methods pursued by the present government, and we do not think that their policies will produce either self-sufficiency or self-reliance within the necessary time period.

However, there is a principle at stake here on which all of us should be very clear. There must be no question as to the Canadian response if what is at issue is the right of Canada to control its own energy resources. And there can be no disputing our sovereign right to develop our energy supplies in a matter which best meets the interests of Canadians.

A North American accord which seeks to promote co-operation in energy matters may be an interesting prospect to explore. An accord which makes Canada and Mexico junior partners but major suppliers to the United States is completely unacceptable. On this basic point I very much trust that, if the issue is joined, we shall see the federal and provincial governments speaking with one voice.

But I am sure that you would not want me to treat Canadian-American relations only in the bilateral context. In the broader framework of the Western Alliance, the Reagan presidency requires us to respond to new initiatives, and to assess our own position in the counsels of NATO.

In this regard I am bound to register my misgiving and uncertainty about some recent policy pronouncements of President Reagan and his Secretary of State. General Haig's stiffening attitude towards social unrest in Third World countries is causing increasing concern in London, Paris and Bonn.

In regard to El Salvador, for example, I do not dispute the Soviet capacity for mischief making. But to see the issue there, and in other Central American states, as one of superpower confrontation only, is surely to ignore history.

In El Salvador the fundamental conflict is between the campesinos — the large mass of the people who are poor with no prospect of improvement — and the all too visible minority of wealthy middle-class citizens.

It is a conflict which has been going on for many years. If we want to help resolve it, then we have to address the need to raise the living standard of the people. This cannot be accomplished by military intervention, or by providing to the government of that country military equipment which may be used merely to repress the problem. We are all too familiar with the consequences of the repression of peoples whether by the right or by the left. Sometimes such situations impose obligations on us which we cannot avoid.

One of the most challenging problems that I faced in office was the need to respond to the horrendous flow of political refugees from Vietnam and Kampuchia, the direct result of communist Vietnam's determination to impose a military solution in that part of the world. We would be blind to ignore the possibility that we might be faced with a similar flow of refugees if a military solution is pursued in Central America.

To see El Salvador as one of a row of dominoes, or as a test of American resolve vis-à-vis the Soviet Union, is a great over-simplification. It is dangerous in that it colours our response to the economic and social problems of Latin America. It creates hostility in other Third World countries with whom we seek to develop common policies. And most importantly, it is highly divisive within the Western Alliance.

We ought to remind ourselves that the principal threat to our collective security lies not in Central America, but in Europe. For surely the present situation in Poland is sufficient to indicate the fragility of peace in Europe and indeed the possibility of a superpower confrontation.

It may be that the Soviet Union can for a time contain the desire of the Poles for independence, but it is clear that in a fundamental economic sense the Russians cannot control the situation. Their own economic system has proved capable of producing advanced military weapons, but *incapable* of providing the food and basic consumer goods which would make life more acceptable for ordinary people in the Soviet Union and Eastern Europe.

The Russians, already stretched beyond capacity domestically, are incapable of responding to the political and economic unrest which stems from so much personal frustration in Poland and, less obviously at the moment, in other East European countries.

They cannot respond, but they cannot let go. The remedies sought by the Poles — free trade union movements in industry and agriculture — are seen by the Soviets, no doubt correctly, as the first steps towards independence.

But the remedies sought by the Poles may have gone too far or too fast. Experts are agreed that we are dangerously close to a Soviet *military* intervention of one kind or another.

What *can* we do, and what *should* we do in this situation? I want here to draw to your attention my response to the Soviet invasion of Afghanistan a little more than a year ago.

As Secretary of State for External Affairs, I was convinced that we ought not to remain silent in the face of that invasion. In fact, although we were much criticized by the Liberal opposition of the time, we sought positive ways in which to communicate to the Soviets our determined opposition to their behaviour.

I strongly supported the boycott of the Olympic games as the most visible and politically damaging symbol of our opposition. We immediately announced our support for the partial grain embargo. We restricted the Soviet use of Canadian ports and air space. We cancelled or curtailed exchange programs of a cultural and scientific kind, even though it had taken us many years to bring these exchanges to reality.

These were not insignificant or purely symbolic acts. Our purpose was to let the Soviets know that their conduct was unacceptable and that by their actions, they had threatened détente — that process which it was hoped would lead to a progressive relaxation of tensions in Central Europe.

In the case of Poland, we have a similar need to impress on the Soviets our unshakable opposition to a military intervention in Poland. But this time there are *other* factors at play than in the case of Afghanistan.

President Reagan has indicated that he intends to take severe measures if there is a Soviet attack on Poland. These may include the restriction of financial credits to Poland and additional embargoes on food and technology exports to the Soviet Union.

President Reagan has also stressed the idea of *linkage*. He does not intend to deal with the Soviet Union issue by issue. Instead, he has said that any arms control negotiations will be much influenced by how the Soviet Union behaves in Poland, or in Central America, and yes, even how its surrogates such as Cuba behave in the Caribbean and in Africa.

The implications of this approach for Canada are very serious. We are by choice and conviction an ally and friend of the United States. As such, we must make every effort to promote the co-operation of Western countries in global policy designed to counter direct Soviet military adventurism.

The European members of NATO, however, are by no means in agreement with Washington in their interpretation of Soviet behaviour and in their response to it. More so than the United States or Canada, they have built up trade and political connections with East Germany, Poland, Czechoslovakia, Hungary and the Soviet Union.

The West German government, for example, believes that a retaliation which isolates the Communist bloc is harmful precisely because it drives the East Europeans back into the arms of the Soviets.

It is easy to dismiss this as self-interest. The West Germans now import a significant percentage of their natural gas from the Soviet Union, and with France they share lucrative business ventures in Eastern Europe.

But this cynical view, I think, ignores the deep feelings of the West Europeans, and particularly of the Germans. Any conflict in Central Europe, even a so-called conventional one, will devastate West Germany, and possibly much of Western Europe besides. It is not surprising, therefore, that they see the security situation in Europe in a different light than North Americans. Besides, we cannot forget the unnatural division of Europe which irrevocably splits Germany. They have problems of family reunification, of forced separation from old homes and friends, on a much larger scale than any other Western country.

Détente for the Europeans, therefore, has a very different reality than for the Americans. We should not be surprised if they are unwilling to give up the progress of the past fifteen years. Returning to a situation where tension is high and all contacts are broken with the Soviet Union is surely an unwelcome prospect for them. This leads me to a view of Canada's place in the Alliance.

We are now watching a process in which the policies and interests of the United States and of the Common Market members of NATO are increasingly divergent. It is quite possible, for example, that the Europeans will not support President Reagan if he takes very strict measures against the Soviets, or if he attempts unilaterally to introduce new weapons into the European theatre.

More and more in the decade of the 80s I think we shall see emerging what Pierre Hassener, the French political analyst, has called "two centres of decision" within NATO: one in the United States, the other in an increasingly dynamic European community with progressively greater ties to the Eastern bloc countries. Canada has a firm understanding of the one — the

European community — because of our deeply embedded roots in a European past. We have an equally firm relationship with the other, the United States, because of geography, history and shared values.

In the 1980s, Canada could well emerge as the bridge, the connecting link, between these sometimes divergent views within the Alliance. It is a role which our foreign policy and defence advisers should be addressing with much greater attention. This role will only be possible if we make sure that our military contribution to NATO, though small, is efficient and valuable.

But having noted the importance of an efficient military contribution, I must add my view that when it comes to Alliance co-operation in regard to areas outside NATO, we have major responsibilities of a different kind.

Like a number of the smaller European countries, I feel that our influence can best be exerted in properly selected, properly administered developmental aid programs rather than through military intervention in Third World countries. To focus national opinion on these issues, it is time all Canadians were persuaded to elevate foreign and defence policies to a much higher priority on our national agenda than they have been accorded in recent years.

Our debates on constitutional reform are important. But we should recognize that in the wider world there are issues of such great moment that they transcend our internal divisions. If we were to turn our eyes for a while to external affairs, and to accept that we have a responsibility to help with the solutions to global problems, then we might also come to realize our good fortune in being Canadians.

The thanks of the club were expressed to Miss MacDonald by Robert Robertson, a Director of The Empire Club of Canada.

APRIL 2, 1981

Humanizing Technology—A Business Challenge

AN ADDRESS BY James D. Robinson III,
CHAIRMAN,
AMERICAN EXPRESS COMPANY

CHAIRMAN The President,
Reginald Stackhouse

DR. STACKHOUSE:

Ladies and gentlemen: On a cold March day in 1850, a group of men in beaver hats and broadcloth coats met in Buffalo's Mansion House Hotel to organize a new company to carry goods, money and valuables to their destinations swiftly and safely. They could not know that their company would not only be in existence 131 years later, but be known the world over.

They certainly could not know that their enterprise would become more than a company, in fact almost a government — issuing its own form of currency, maintaining its own kind of diplomatic corps, conducting its own foreign missions, carrying on its own international trade, operating its own type of post office, providing even its own efficient police force.

Such, however, is what the American Express Company has become. It did not invent the express business. That's at least as old as those couriers who ran throughout the ancient Persian empire carrying the emperor's messages. But the company has brought the business to where today it is as much a part of our global village way of life as the jet plane and the communications satellite.

The capital of this worldwide commercial empire is the Broadway office over which today's distinguished speaker presides. James D. Robinson joined the company in 1970 after several years in senior business positions. Appointed executive vice-president, he advanced to the presidency in 1975 and two years later became chairman and chief executive officer.

The wide respect his business leadership enjoys is demonstrated by the various directorships to which he has been elected, such as Bristol-Myers, Coca-Cola, Trust Company of Georgia, Union Pacific. His high sense of social responsibility is shown by his membership on the boards of nineteen service organizations including the influential Council on Foreign Relations.

The Empire Club of Canada is therefore privileged to hear a distinguished business leader from the United States and the head of a world-renowned company whose services probably all of us here have used. It therefore gives me great pleasure to introduce Mr. James D. Robinson.

MR. ROBINSON:

Ladies and gentlemen: It's a great pleasure to be here today, and an honour to address you from this prestigious platform.

Canada and the United States have long enjoyed a unique relationship. We share one of the world's longest and most peaceful borders. We are each other's largest trading and travel partner. From time to time there may be strains in our relationship, but they are momentary in the sweep of history. Our economic future and defence are linked, and I am confident we will continue to work closely together — in a spirit of mutual respect — for many decades to come.

American Express, with Canadian ties stretching back to 1853 when we opened our first offices in Toronto and Hamilton, feels at home in Canada. Since then we have grown with Canada and, we like to believe, have developed a special relationship along the way.

James D. Robinson III,
Chairman, American Express Company

Today, I would like to address an issue which knows no boundaries, and which will become of increasing concern throughout the eighties. That is, the effect of new electronic technologies on our businesses. I am thinking specifically of the business application of data processing and telecommunications.

To put it bluntly, is technology friend or foe? And, is business doing the best possible job of positively integrating these new technologies into the marketplace and the workplace?

You know, as well as I, that there has been a dramatic rush to embrace technology as a key to productivity and prosperity in the eighties. This is as true for service businesses, such as American Express, as it is for manufacturing businesses. But it is equally true that many companies are not managing technology properly. Thus, they are not getting the positive results they expected.

The Japanese, on the other hand, according to a recent Booz, Allen study, have been much smarter about integrating technology into the workplace. What they have done is not a mystery. And it does not require their tradition of lifetime employment. What it does require is the firm conviction that technology can be an ally, provided it is humanized within an organization. Without that approach, many companies fail to achieve the gains in productivity offered by their new investment in hardware and systems.

American Express is convinced that new frontiers in data processing and telecommunications can help businesses navigate the turbulent waters of the 1980s. And we are glad to see an increasing amount of attention being paid, by business, government and labour, to the positive side of technology.

For too long, business and government have been seen as the bad guys in technology debates. We have been accused of being indifferent to the individual worker, and insensitive to the social consequences of our actions. If there was some truth to that accusation in the past, we cannot afford to let it be true in the future. Clearly we must pay more attention to the ways in which we introduce, adapt and employ technology. By doing so we will determine whether technology works for us or against us.

The major question is, "Will man ride technology or will technology ride man?" It was posed by the Pulitzer Prize novelist and poet, Robert Penn Warren, in the business pages of *U.S. News and World Report*. And that, by the way, is exactly where the question belongs, because it affects the practical decisions the business community makes every day. These decisions range from questions of consumer privacy, information security and the design of high-technology products, to automation in the workplace and its effect on employee motivation, morale and productivity.

Before sharing with you my views on how business can minimize the possible adverse effects of technology, let's look for a moment at two opposing views that frame the technology — friend or foe — debate.

George Orwell's grim vision of 1984, for example, has haunted our thinking about this decade. Orwell predicted a world in which individual privacy was doomed by the all-seeing eye of technology, personified by Big Brother. In effect he warned us against a new form of tyranny, the impersonal, push-button world of science and technology.

On the other hand, Canada's Marshall McLuhan described a more positive role for technology. He recognized, for example, that the reality of instant communication would break down previous barriers between nations and peoples, and would transform our earth into a "Global Village." Other optimists envision electronic technology as offering the prospect of enhanced productivity, rapid growth in new industries and the solution to many of our energy problems. They see the liberation of human beings from the drudgeries of dangerous, repetitive and unpleasant labour.

What these divergent perspectives should bring home to all of us is that the individual and society have ambivalent feelings towards technology and business cannot ignore these love-hate feelings as it increasingly integrates new automated and electronic systems into the lives of its customers and employees.

Indeed, if business wants the *advantages* of technology, it must take a leadership position in dealing with consumer and employee fears about privacy, information security, technological unemployment, retraining, depersonalization and so forth. To ignore these issues is to run the risk of a social backlash, which would seriously threaten economic growth. This is extremely important in Canada and the United States right now; more so, perhaps, than elsewhere in the world. Why? Because in Canada — as in the U.S. — the *technology* of Orwell's 1984 is already upon us.

In fact, Canada has been a leader in the communications revolution since the turn of the century. It is the country where Alexander Graham Bell first explored his inventions. It is where Marconi owned and launched the world's first commercial radio station. And it is where the batteryless radio was invented by Edward Rogers, father of modern-day cable innovator, Ted Rogers.

Most recently, Canada pioneered satellite development. It has built and marketed one of the most advanced teletext systems — Telidon. Telidon may well make Canada a major exporter of hardware in the communications industry during the eighties and beyond. Incidentally, American Express thinks so highly of your technology that we are in the midst of converting to point-of-sale terminals in Canada supplied by Northern Telecom. Also, because these terminals are superior to the state of the art in the U.S., we are purchasing over five hundred more for use in the U.S.

In another area, Canada is way ahead of the United States in cable penetration. With sixty-five per cent of the population linked to cable, you are now where we hope to be in five years or so. So it is likely that Canada will quickly become one of the most advanced users of that medium, and will have a better preview than most of the assets and liabilities of our electronic future.

The electronic advances of the 1970s, which have wed the computer and communications industries, will have as profound an effect on society as did the industrial revolution. So one of the questions raised by technology (and well framed by Orwell) is very much on the public's mind: Will we be moving towards a world of increasing uniformity and authority, in which people have less choice, less freedom and less privacy? Or will we be moving in other directions?

I think it is fair to say that, at present, each of us wants the best of both worlds — the advantages of technology coupled with a system of values which responds to and enhances the dignity, rights and needs of the individual. In other words, we want humanized technology, not only with our employees but also in the marketplace. I am optimistic this challenge can be met.

American Express is, among other things, a worldwide data-based communications company. Today, our global communications network carries information essential to providing reliable payment systems, such as the American Express Card and Travellers Cheque. We also are involved in international banking, insurance, publishing and cable television.

Like most of you in this room, many of our back-office operations are automated and increasingly sophisticated capabilities are being introduced. That's a must, if we're to deliver our products and services more cost-efficiently and effectively. But our experience has taught us about the customer's ambivalent feelings towards automation.

Take, for example, an area like electronic techniques for transferring money — the so-called Electronic Funds Transfer Systems. Will they partially supplant people and paper? Is the cashless society around the corner, as many have predicted? The answer, I believe, is highly dependent on whether consumers believe EFT systems expand or limit their choice, their privacy and economic freedom. In the early 1970s, bankers predicted that EFT systems would totally revolutionize the financial world. They were wrong. They had not reckoned on the voice of the consumer.

The concerns of the public have been well articulated. They fear the lack of permanent paper records, and the potential of fraud. They often object to the immediacy of the funds transfer, which denies them their "float." They prefer the human interaction to the impersonal one. Above all, of course, they fear the invasion of their financial privacy.

In my opinion, these concerns have merit. Business has not paid enough attention to the issue of privacy. And certainly, a high-technology society can't be allowed to be a low-security society where the customers' choice of services is severely limited. Insofar as EFTS is concerned, the financial community has learned it cannot think only in terms of technological efficiency. It must also pay attention to what the consumer wants and needs.

The public's concern about EFTS is but one example of much larger issues that affect nearly every business. More broadly, individuals are concerned about who has access to computer information. They are also concerned about the right to correct misinformation. They are worried about the potential misuse of computerized records, whether by their bank, their health-care industry, retailers or credit card companies. They want to be assured that the individual is still heard and guaranteed an equal voice with the computer, if problems arise.

Businesses that ignore these fears do so at their peril. That is why many corporations which collect, retain and disseminate substantial amounts of personal information are taking steps to reassure customers that the privacy and security of the information they gather is being maintained.

AT&T, for example, the single largest employer in the United States, has redesigned employee personnel forms. And it has taken steps to limit the amount of information it collects from customers.

American Express also has a strict, company-wide privacy code which restricts the use of personal information and third-party access to customer files. In addition, in 1976, we began offering our card-members the option of removing their names from mailing lists rented to other companies. Furthermore, we have endorsed EFT legislation in the U.S. which protects consumers.

We believe, then, that the business challenge in the eighties will be to harness technology to the service and security needs of the consumer. That may prove far tougher than refining the technology itself.

Let me pause to make one additional point about technology and the marketplace. Others have noted that much of the Western industrialized world has been moving in the direction of becoming a "high-tech and high-touch" society. Among other things, this may mean that every technology must have a high-touch component or it is rejected by the customer. Computer games and two-way interactive cable are good examples of systems that offer both. These have been welcomed by the public precisely because they offer a high degree of personal physical interaction with the computer. It is my guess that this is a future direction of consumer technology, so automated teller machines may multiply. But the cashless society may not, because it does not reflect the consumer's needs for control, choice, personalized service and human interaction.

Now let me turn to the effects of technology *within* institutions.

The advent of rapid technological change poses a variety of managerial problems. Most people are, in fact, suspicious of change and particularly fear "technological unemployment." Blue-collar workers worry about their jobs being taken over by machines. Clerical workers fear that computers will further routinize their jobs. And when the compensation of middle managers is tied to the number of people supervised, they are undeniably afraid of new staff-reducing programs.

Business executives can no longer ignore these issues. The morale and productivity of companies in the next decade may well hinge on how well organizations ease employees' fears about new technologies and the dislocations they will bring to the workplace.

There are a number of steps that senior managers can take. Involving employees in the design of new systems which will affect them is one. Giving great care to the way in which new technologies are psychologically presented is another. Here is where the Japanese have excelled and the West has not.

What happens if a new technology is deployed without proper explanation or sensitivity? A classic example of a poorly presented program took place at an American university not long ago. A highly automated calendar system was installed, essentially to aid the administration in scheduling. However, faculty and staff effectively sabotaged the system, because they saw it as limiting their professional freedom and over-regimenting their workstyle.

It seems clear from this, and other examples which I am certain you could supply, that individuals, improperly consulted, instinctively will suspect the worst from technology. Since it has been predicted that future productivity increases will come, in large part, through office automation at the non-clerical level, management must better understand and present these systems if business is to profit from them.

Automation is also changing the mix of blue-collar and white-collar workers. Therefore, addressing the structural problems brought about by technology is another obligation of business. Training programs must be arranged for those whose jobs may be affected.

Employees must be convinced of the long-term benefits of new technologies to both themselves and their companies. We must help them understand that finding ways to do existing jobs more efficiently is in their best interest as well as the company's.

Therefore, it should be the personal goal of all business leaders to make certain that people ride technology both in the marketplace and the workplace. Only when businesses address themselves to the impact of technological change on the individual and society will we be certain that technology works for everyone. The coming years will bring, to all of us, the opportunity to tame and humanize technology so that it will be servant to man's needs and not master, so that it will be friend, not foe.

The thanks of the club were expressed to Mr. Robinson by Henry Stalder, a Director of The Empire Club of Canada.

APRIL 9, 1981

How Stands Our Home and Native Land?

AN ADDRESS BY Charles Lynch,
POLITICAL ANALYST

CHAIRMAN The President,
Reginald Stackhouse

The President welcomed His Grace, the Most Reverend and Right Honourable Lord Donald Coggan, former Archbishop of Canterbury.

DR. STACKHOUSE:

Your Grace, ladies and gentlemen, not only is the medium the message, media messengers are now part of the message. Journalists not only report the news, they make it. Commentators, analysts, pundits have become public persons in their own right, each adding a unique factor to the report he narrates.

Thus the name of Walter Cronkite was almost as well known as any he included in his nightly newscasts. In Canada that is also true of Charles Lynch, the dean of the Ottawa press gallery and our distinguished speaker today. His written reports of Parliament have been circulated from coast to coast, and his television probing of the latest political developments have added to this national reputation. Their unique blend of realism and whimsy, depth analysis and folksy humour, hard-nosed expertise and warm-hearted concern have made the messenger part of the message.

Charles Lynch has achieved this stature by a professional commitment to his journalistic craft. Raised in Saint John, New Brunswick — where many a great Canadian has started — he has spent his entire working life in journalism.

During World War II he served as a war correspondent in Europe, and then as a foreign correspondent in South America and later at the United Nations. He became chief of the Ottawa bureau for Southam News Services in 1958, and in the succeeding twenty-three years his reports and analyses of current events have become part of the Canadian scene.

The high esteem in which he is held is evident from such honours as the presidency of the Parliamentary Press Gallery, an honorary doctorate from Mount Allison University, the Bowater Award, the National Newspaper Award and the Order of Canada.

His many interests include fishing, skiing and playing the harmonica in a jazz band. He does not have his instrument with him.

Your Grace, ladies and gentlemen, it is a great pleasure to present Mr. Charles Lynch.

MR. LYNCH:

Thank you very much, Mr. Chairman.

I don't know whether to be more impressed by the presence of the former Archbishop of Canterbury or by the present president of the Southam Company. Each of them puts me ill at ease in his own way, and each validly so. This is going to be a bigger day in my life than I had anticipated.

The presence of the former Archbishop of Canterbury reminds me of the time I was in Winnipeg when the then Archbishop of Canterbury, Michael Ramsey, was there. He's the one with eyebrows. I was dining at the Factor's Table at the Fort Garry Hotel and I asked the maitre d', "How does it feel to have the Archbishop of Canterbury in your hotel?"

He said, "I sure hope he isn't a phony."

Now, if you remember Michael Ramsey, he looked like the Archbishop of Canterbury even in a sauna bath.

"How could he be a phony?" I asked.

He said, "The last archbishop we had here was a phony. He was one of those Greek fellows, the ones with the whiskers and the funny hats. He was in the hotel for two months. He had his birthday here, and we made a big birthday cake for him. He came out to the kitchen and blessed it, and then we gave a piece to everybody there. It was fantastic. Then he checked out and all his credit cards bounced."

That man took the hotel for four thousand dollars, and Air Canada for five thousand. They finally caught up with him in Belgium and he turned out to be a con man disguised as an archbishop.

Dr. Stackhouse and I were talking about orators. Don Jamieson is one of the glibbest. When he was a broadcaster in Newfoundland, covering the start of a royal tour and the royal plane was late, he had to run down the list of everybody who was present, just to keep the airwaves going. When he came to the very end of the line he said, "and His Arch, the Gracebishop."

I am particularly gratified to see that Their Excellencies Mr. and Mrs. Michener are here. I saw them in the House of Commons yesterday afternoon, where they were introduced from the Speaker's Gallery. They were kind enough to say that they had come back to Toronto especially to hear this speech.

That reminded me of the last time I spoke to this club. It was in 1957, when I was at the United Nations. I was invited, at very short notice, to replace Max Friedmann who was the scheduled speaker, who had a habit of not turning up. On this occasion, he had given the club the courtesy of a warning, so I was the late replacement. When I joined the head table group outside the dining room, there was Arthur Meighen, the silver-tongued orator of the century in Canadian politics. I said to him, "Mr. Meighen, I can't tell you how moved I am that you would come to hear me speak."

He said, "I didn't. I came to hear Max Friedmann. But since it's snowing outside, I decided to stay. You'd better be good."

He did stay, and he was kind enough to come up to me afterwards and say that he was glad he did. I didn't know whether or not to believe him.

That was a long time ago, and ever since then I've been on my feet at the sound of a chairman clearing his throat.

I was trying to recall the spirit of those times, twenty-four years ago. You'll find the speech in the annual yearbook of the Empire Club, the most widely read volume in the country, apart from the Senate Hansard.

Toronto was still a big village then. Alberta was just waking up — none of us could see what was going to happen there. Quebec was still asleep. Yet Canada was a giant on the world stage. Those strong Canadian cards that came out of the Second World War were being played by Lester Pearson, the most distinguished of our diplomats, and I think the most distinguished diplomat of that time anywhere in the world. In 1956-57, we came closest to fulfilling Laurier's prophecy about the twentieth century belonging to Canada. We assumed that the upward line on the graph of Canada's place and influence in the world was going to continue.

One of the things that we did anticipate was that we would become richer, that our cities would be transformed, that the Toronto of that time would turn into the great city of today. But we could not foresee that as we became richer at home, our prestige would decline in the world, partly because of the re-emergence of other countries that were then in

Charles Lynch,
Political Analyst

eclipse, and partly because we ourselves became confused about what we wanted to be.

As we became richer we turned inward. We began to see gaps in our nationhood that we hadn't recognized before: the French-English gap, the native peoples gap. We became preoccupied by our own affairs and our own differences. We paid less and less attention to the rest of the world.

On that occasion, I talked about the United Nations. It was very much in everybody's mind. Pearson won the Nobel Peace Prize at that time for his handling of the Suez crisis. He was inventing and putting into place the idea of soldiering for peace, in which Canada has played such a role.

As we have prospered, we have become more and more critical of our own country. Lacking foreign enemies — and we are almost unique in the world in that respect — we have turned inward on ourselves. The confusion and uncertainty that marks our political affairs, and our economic affairs to some extent, have led to the phenomenon that anybody who has acquired anything in the country wants out. We have separatist movements, or incipient ones, everywhere from Newfoundland to Vancouver Island — although I often say to British Columbia separatists, "How can you separate when you never really joined?"

Everybody wants out, to some extent, except Ontario — and all the others seem to want Ontario out!

We're the only country in the world where this is true. Of course, we are also the only country in the world that I have known in my lifetime where you can stand up and say, "The country stinks!" and everybody else says, "Great! Fantastic. Tell us more." In the majority of countries in the world, you would be arrested. But we have doted on this kind of thing. We have created a framework of freedom greater in its capacity to accommodate difference than any other country in the world, great enough even to contemplate free discussion on the merits of ending the country altogether.

This calls into question what we do believe in. People ask me this when I visit other countries. We are beginning to get their attention. Those of us who have complained about never seeing any Canadian news in the papers when we go abroad are beginning to wish that we didn't see as much as we see now, because there is so much discussion about the possibility of the disruption of the Canadian union.

It is said that Canada is an increasingly difficult country to govern. Lester Pearson once said to me that, even in his time, we were the most difficult country to govern in the world in his experience, because of our enormous size and our regional differences, and because of the smallness of our population relative to the size of the country.

The question that confronts us, in terms of our federation, is whether governments — particularly federal governments — reflect realities or whether they direct them. We have had examples of both. Sometimes they are ahead of public opinion. Pearson was. Pearson's whole idea of United Nations diplomacy was ahead of public opinion. His break with Britain over the Suez crisis caused a trauma across the country because it was ahead of public opinion. The British tie was much stronger then than it is now, and he defied that. Some people think that the fall of the Liberal government in 1957 was due, in large measure, to that.

Sometimes governments lag behind reality in the country, as I think Trudeau did on the growth of regionalism. I was a very strong central government supporter until it came to my mind, because of events in Quebec and in the west, that we had to loosen the federation, we had to accept the risk of balkanization by changing the rules of the federation in favour of more power for the provinces and more western input into western affairs. Trudeau was late on that. Then when he realized what was happening, he decided to fight for retention of a measure of power at the centre that was greater than the provincial premiers were ready to countenance, having developed the powers that they had.

I made a speech here to the Canadian Club three or four years ago in which I advocated acceptance of the looser federation. I was coldly received, although nobody threw anything. I made a speech in Calgary, a month and a half ago, in support of Trudeau's constitutional position. I said that I felt that the rejection of Trudeau's constitutional package was wrong and that the premiers were going too far in their assertion of provincial power, and I got a taste of the bitterness that exists in the western part of the country about this federal government. They stood on their chairs and booed and screamed.

That frightened me. Not the fact that the Calgary Chamber of Commerce stood on their chairs and waved their fists — I applaud them for that, for caring. Canadians are usually the most politically apathetic people in the Western world. They usually don't care about anything. But this business of caring so much that they want to tear Trudeau limb from limb, and the hate mail that those of us who support Trudeau are getting which assumes that if you support the constitutional package you are a force of evil — that is frightening. It is partly explained by the fact that there is no western component in the federal government. But it is also explained by the fact that the premiers have become so strong and so convinced of the rightness of their cause and of their mandate, superior to that of the federal government, that they have infected the views of a large number of people.

I mentioned, jokingly, that you can get up and say, "Canada stinks!" But now, when people say this in Alberta and increasingly in British Columbia, and to quite an extent in Saskatchewan, they are saying it with the marrow of their bones. They are saying things about Canada that I find objectionable and I am not ashamed to say so. I have risked their wrath by saying that the country has been better for all of us than they are giving it any credit for and they are associating too much of the current problem with one man.

I oppose Trudeau in many things, including his energy policy. I agree much more closely with the attitude of the government of Alberta than with the federal government or the government of Ontario on that question. But on the constitutional question, I doubt that the concerns of the objecting premiers are valid. I agree with the interpretation of the government of Ontario. The evils that are seen in the package are not there. And I feel that if this opportunity is missed to bring the constitution home, to force action on an amending formula, to embed the charter of rights (in which I see no threat to provincial jurisdiction), if this opportunity is missed, the thing will fall of its own weight. We will go back to square one and none of us will live to see action on the constitution.

Trudeau is the first prime minister who has dared to face the issue totally, and to try to finish the work of John Diefenbaker on the bill of rights. That charter was Diefenbaker's greatest achievement. It seems to me that to embed the charter, which includes many of Diefenbaker's points (although I pleaded with Trudeau to incorporate as much of Diefenbaker word for word as he could in order to promote acceptance), shows that Trudeau's motive is largely and primarily love of country. I say this quite fearlessly in the presence of the publisher of the *Toronto Sun*!

Trudeau's motives have been suspect and criticized as self-glorification or a desire to see his name in the history books as the principle father of the new confederation. But he has quite clearly identified his fourth term as a period in which he could risk the wrath of objection, risk disrupting our relations with Britain, to get the thing done. After that he can hand it on to his successors and to the successor premiers, who can then argue about jurisdiction.

I think Trudeau knew that he would not get a consensus, that he knew there would be abrasion. He also says he knows, as Premier Davis and Premier Hatfield agree, that the premiers can never come together in a consensus or a majority view. We are going to get a test of that because, through the efforts of the Progressive Conservatives, time has been made available for the dissenting premiers to have another run at it. I have little confidence that they will come up with an agreement.

My record of covering federal-provincial conferences is a long one. Perhaps one of the reasons that I support Trudeau is that I never want to cover another federal-provincial constitutional conference! On one occasion I refused to leave when they ordered us out. Instead of throwing me out, they threw themselves out and held their meeting in an attic. And, of course, failed to agree. Whether they meet in secret or whether they meet in public, they cannot agree on constitutional change. If it is going to be done, it has to be done unilaterally. It is the best chance of our lifetime, and may be the last.

As there always are in bold enterprises, there are risks. There is the risk to the monarchy, which I feel very deeply because I am a Canadian monarchist and have been all my life. I feel that the institution is perhaps even more valuable in the Canadian context than it has been in the British context. The risk is that if we have a break with the British government and the Queen is involved directly, receiving contrary advice from her British cabinet and her Canadian cabinet, the stress on the Crown will be greater than anything we have seen before. There is no doubt that if it came to a crisis, the Crown would retain its British base and would be lost to us. This would be an irreplaceable loss. It is something that those of us who support the constitutional package are anguished by. We have no particular answer, except to hope that things will go smoothly. And we hope, now that the whole question has been put in the hands of our Supreme Court, that this will smooth the passage of the bill here and also smooth its passage in Westminster, and spare the Queen the anguish of having her principle advisers at odds.

The other risk is that it puts too much power in the hands of the courts. This doesn't bother me as much as it bothers some people, who claim that the elected representatives of the people, in the legislatures and Parliament, are the only ones properly qualified to interpret the workings of our system.

Legislatures and Parliament, in this country, are held in as low esteem as they have ever been in our time. I hold my profession partly responsible for that. The way in which we have covered Parliament has, by tone, by commission and omission, contributed to the low esteem with which the members of the general public regard our elected bodies. The politicians themselves are also to blame. Very seldom does a government implement the policies on which it ran for office. It is much more frequent for a government to bring in policies that were not even mentioned during the election campaign. Pierre Trudeau is certainly among the most guilty in this respect. We all remember the wage-and-price-control election when he ran against controls and then, during the mandate that he was given, he implemented them.

In the last election, when he upset the government of Joe Clark (and thus denied me my ambition of covering something besides Liberal governments before I die), the election was run with Trudeau under wraps. We couldn't even find him! When we finally found him for one press conference, he spoke for forty-five minutes and nobody got in a question. He was like Howard Hughes. In fact my wife has a theory that Trudeau *is* Howard Hughes. He ran on a nothing platform, except that we must get rid of these rascally, mean, stupid Conservatives. And he won, largely because of the change of heart of voters in this part of Ontario. There was not a mention of the constitution, not a mention of the energy policy, in the whole election campaign. And yet with the "restoration" of Pierre Elliott Trudeau, things began to happen that would never have happened had the Conservative government continued in power.

The whole constitutional initiative, which has stood the country on its ear and which has become the issue before us, is largely a dream of Pierre Elliott Trudeau. It wouldn't be happening without his restoration to power. Similarly, had the Conservatives remained in power with their western component, the west would have been much more amenable to the kind of energy policies that government would have brought in. The risk was that it would be seen as a give-away to the west. But I don't think that was a serious risk. I think that Joe Clark was trying desperately, despite his Alberta antecedents, to be a coast-to-coast Canadian. Certainly he tried desperately to be acceptable to the province of Quebec.

How hard it must have been for a young man, the youngest prime minister in our history, to learn French and to become as fluent as he did. He was rewarded with one seat in the province of Quebec. It calls into question what some of us thought, which was that you have to be totally bilingual to be prime minister. That gives promise for the future to people in the Conservative Party, particularly to Mr. John Crosbie, who speaks neither of our maternal languages.

If we have put this power in the hands of the Court — and we have — the bottom line is that the Supreme Court is going to get a chance to render a decision on Trudeau's package before it is finally voted on in Parliament and sent to Britain. This gives to the Supreme Court power of a kind that we have not been accustomed to in this country. The Americans have. It gives us a preview of what our federation could be like under the new constitution, assuming that it passes. If the Supreme Court says yes to Trudeau, then it creates for itself a continuing new role as the interpreter of our laws, and as an adjudicator of where the powers lie under the new constitution as between the federal and provincial governments.

This is a tremendous power and a tremendous load on the Court that was not there before. Heavy though the responsibilities of all judges are, this kind of load is very onerous. There have been small tastes of asking the Supreme Court for its views on constitutional items, but never one of this dimension. Bora Laskin has carried a heavy responsibility since Trudeau appointed him to be the Chief Justice. He carried on as the administrator during the illness of Governor General Léger. He was virtually the Governor General. He has all kinds of other duties in addition to his work at the Court. He has had successive heart attacks which almost killed him. Yet he had a determination to hang in. Some of us were puzzled about why, as ill as he was and as tough as he was, he should want to further jeopardize his health by staying on. I think the answer is that he foresaw a watershed situation in which the Court would suddenly be asked to assume a role as part of what they call the "checks and balances" in the American system.

This is patterned on the American system, like it or not. I am not shocked by the increasing responsibilities for the Court. I am not shocked by taking some of the best things from the American system as we shuck off the British system, which we have been in the process of doing for the last fifty years. If you are in awe of legislatures and you think that they are all-wise while the Courts are stupid, you will want to resist this development. But I have seen too many manipulations and stupidities in our Parliament and in our provincial legislatures to be in awe of them as the sole arbiters of what the public expect. I am not shocked by the insertion of the Supreme Court into this decision, nor, if it decides yes to the package, into making a whole succession of decisions under the new constitution that will affect the nature of our federation. But I think if we go this far with the importance of the Supreme Court, then the appointments to the Supreme Court should be subject to ratification by the elected representatives of the people. This is in most of the proposals for constitutional reform.

There should also be some provincial input into the appointment of a revised Senate. I think everyone agrees on that. And that revised Senate would have a role in ratifying the appointment of Justices to the Supreme Court.

Obviously, this cannot be done prior to the great decision that the Supreme Court is now going to have to make. But assuming that the Supreme Court says yes to Trudeau, and assuming that this ends the debate here in Canada and makes it possible to send the package to London in a way that the British Parliament can accept it with a minimum amount of debate, then we will get the constitution home. But it's a gamble. I don't know how the Supreme Court is going to act on this package. Trudeau and his cohorts say privately that they are sure that their cause is so correct that the Supreme Court is going to ratify it. But if Trudeau is so sure of that, why did he try so desperately to get his measure through before it could get to the Supreme Court? He couldn't have been that confident.

Ed Broadbent says that he is ninety-nine per cent sure that the Supreme Court will say yes to the package. When I asked him why, just yesterday afternoon, he replied, "Because I'm satisfied that it's legal!" But he said that if the Supreme Court says no, then it's game over, finished. His party would not support the package after that. I gather, although I was not able to get such an unequivocal statement from the Liberals, that they would do the same. So that would be the end of it.

If the Supreme Court thinks that the government has acted illegally, then everything goes back in the drawer, including the BNA Act. And none of us will ever see it extricated.

It makes for interesting talk. Some people say that's the only reason Trudeau brought the subject up, that it's not going to change things much. They say it is not important and that if he hadn't brought it up, it would not be before us now. Certainly the Conservatives would not have put it before us. It would be nice to get back to talking about inflation and unemployment and Joe Clark's future. Maybe, if you should invite me to speak to you in another twenty years, that will be the topic of my address.

As it is, I would like to leave you with one further thought. I talked earlier about our emotions about the country and how disturbing it is to hear people bad-mouth the country from one end to the other. Newfoundlanders are beginning to talk like Albertans before they even get a drop of oil out of the ocean.

My friend Don McNeill of CBC was interviewing a Newfoundland fisherman. He said to him, "What do you think of the offshore oil?"

The fisherman said, "They're going to bugger it up, bye."

"Who's going to bugger it up?"

"The mainlanders. They buggers everything up when they come here."

"How are they going to do that?"

"Well, I'll tell you how they're going to do it. They're going to drill ten feet too deep and the whole goddam thing's going to go out through the hole."

I have this jazz band and we go around the country playing benefits for symphony orchestras and theatres. We regard ourselves as the poor man's Canada Council, but we're more reliable. Don Jamieson once said, when he heard we were playing a benefit for the Edmonton Symphony, that it was like a whore house doing a benefit for a cathedral! We do some political mimicry and satire. We have our Press Gallery dinner this Saturday night and we will do our songs, in which we make fun of our politicians. We also take the show across the country and we have a little mickey of message that we slip to people at the end of our program. I'd like to leave it with you.

It is based on the fact that so many of the songs we sing are from other countries, from the United States and Britain, from France and from Germany. We have very little of our own of an inspirational kind. We always said it was déclassé, that the Americans were much too emotional about their country, only to find that when the heat is on, the joke is on us because we run short of things to say about our country. Let me just give you these few lines, that I wrote, about the way I feel, and see if they ring a bell with you.

A land so vast it's best seen from far off
To catch the wholeness of it,
And to see how it compares with all the other
  lands
That people who live in them love.
It's said they love our land the most
Who have been most away,
Including those who have served her colours
  far,
In war as well as peace,
Ensuring that our hallowed battle places
  exist in other lands,
On other continents, where we have fought
  our wars and dreamed of home
And stood on guard, O Canada, for thee.

Our songs have rung through Europe sixty years,
We've sung them in Korea and Hong Kong,
  amid the guns.
And then, to keep the peace,
And in the name of order and good govern-
  ment,

We have sung and served from Suez to
Kashmir,
From Congo up to Cyprus,
From Vietnam to Sinai's dusty plain,
And in the smoky skies and lush terrain of
Germany,
While ships of ours have sailed the seven seas
That we might share our peace and unity with
all.

How stands our home and native land, terre
de nos aïeux?
Is her brow girded with garlands glorious?
Does she command true patriot love in all her
sons and daughters?
Or is she sore beset, as lands in which we've
sought to save the peace.
It's said that to describe our love of land,
A minute is too long, a lifetime not enough,
That if we love in happy joyful ways, we'll
keep our heritage intact,
Though time be short and we are wracked by
doubts about our worth.
What good is done if we have served mankind
and failed ourselves?

The thanks of the club were expressed to Mr. Lynch by Nona Macdonald, a Director of The Empire Club of Canada.

APRIL 23, 1981

Is the United States Really Making a New Beginning?

AN ADDRESS BY Walter E. Hoadley,
EXECUTIVE VICE-PRESIDENT AND
CHIEF ECONOMIST, BANK OF
AMERICA NT&SA, SAN FRANCISCO

CHAIRMAN The President,
Reginald Stackhouse

DR. STACKHOUSE:

Ladies and gentlemen: Few forces have been more decisive for the development of the modern world than banking. Through organizing capital and credit, it has made possible the exploration of unknown territories, the discovery of unused resources, the foundation of new industries, the expansion of world trade.

Probe the history of the Western world since the Middle Ages and you will find banking near the centre of whatever has made for human progress. The Empire Club of Canada is therefore privileged today to welcome one of North America's leading bankers, Dr. Walter Hoadley, executive vice-president of the Bank of America.

Born in San Francisco, Dr. Hoadley received his education there and at the University of California at Berkeley where he earned his doctorate in economics.

His entire career has been devoted to business economics. He held senior positions with the Armstrong Cork Company and the Federal Reserve Bank of Philadelphia before joining the Bank of America in 1966.

Widely recognized as the dean of business economists in the United States, he has been a prolific writer on finance and trade, still functioning as a columnist for Dun's *Review* and *The Chicago Tribune*.

The wide respect he enjoys in the business community and among economists is shown by the responsible and prestigious positions he has held. A few of them have been: national president of the American Finance Association, national president of the American Statistical Association, chairman of the Conference of Business Economists, chairman of the United States Business Council. He has served on six task forces appointed by the President of the United States, was a keynote speaker at the 1972 White House Conference on Business in 1990. He has been honoured by six universities.

Dr. Hoadley's visit is especially pertinent to us all in the club because the economic well-being of our country is influenced so profoundly by economic developments in the United States. When you are in bed with an elephant, the slightest stir in the night can signal disaster, and Canadians therefore watch with concern what happens, and equally, what does not happen south of the border.

We therefore appreciate the chance to hear a distinguished banker and economist from the United States speak to us about the policies of his country's new administration.

DR. HOADLEY:

Distinguished members of the head table party, members of The Empire Club of Canada: It is a great honour and a privilege for me to be here today. I have heard a great many comments through the years about this great organization and I am tremendously impressed with the stature of the group, not only here in Canada, but in my country and in many other places in the world.

I am always embarrassed by the kind of generous introduction that has just been given, because I remember so well what I was told years ago, that economics after lunch is cruel and inhuman punishment. However, I have also been told that after dinner it is even worse. In my own country, last year the most distinguished honour for effective economic presentation was given to a colleague in economics who observed five minutes of silence, spent almost entirely in praying for more accurate forecasts.

We really shouldn't apologize for forecasting, because literally all of us are required to make forecasts every day. And underneath each one of those forecasts, in an underlying sense, is some perception which we believe, and which we are using, consciously or unconsciously. If there is any value in my presentation today, it is an opportunity to check your thinking against mine and mine against yours. Because, in this very rapidly changing and uncertain world, so many people seem to be just stopping and waiting for things to happen.

I like to present my conclusions at the outset of a speech, so that if people have other things on their minds or would like to depart early they can do so. Those who have nothing better to do can remain. So let me say that to the question I am addressing, whether the United States is really making a new beginning, my answer is yes — the odds are sixty/forty. You can see that I'm not one hundred per cent sure. But I learned a long time ago to put a probability on every forecast, just to remind me that there are no certainties, but that we are always playing odds.

I believe that the United States is making a new beginning because, first of all, the mood in our country — and I think to a considerable degree here in Canada — seems to be one of recognizing basic problems. The people in the United States clearly have now put inflation control well ahead of unemployment,

Left to right: Ronald Goodall, Treasurer of the Empire Club; Dr. Walter E. Hoadley; Dr. James Parish, a Director of the club.

which is one of the most profound changes in public attitude. That gives the new administration the base for looking more forcefully at correcting many of the problems confronting our country. I think we can also say a new beginning is under way in the United States because, perhaps for the first time, more people are looking at our country in relation to other countries. Your chairman's comment about the elephant is very relevant and interesting because the elephant also can have troubles. And the elephant, many times, finds people studying its anatomy much more carefully than the elephant itself. I am always impressed by how many people around the world, and particularly in Canada, know so much about my country, whereas many of my fellow countrymen are not all that interested.

But a comparison of the United States with other countries provides a basis for our people to think a little more positively about the future. We grew up, many of us, in an atmosphere where the United States was fifty per cent of the world economy, and now we are just a miserable twenty-five per cent. We still have a great deal to offer and a great deal by which to judge our performance in a positive way, and are beginning to make the comparison rather than considering ourselves alone. And when we do that, we recognize that the problems of the United States are not unique to us, and it is the relative performance of the United States and not the absolute which may be important to watch.

Thirdly, I think we are making a new beginning because we have a new President, a new administration, following one which was by most standards considered quite unsuccessful. In our system, we seem to have a self-correcting process. Certainly, in the United States, we seldom do anything directly. We waver, we move, but when the pendulum swings and is just about to hit the wall, somehow the common sense of our people moves us into the corrective path. And so we have a leader who has the opportunity, and I think the ability. The danger is that we may expect too much too soon. But a new beginning, in my judgement, is under way.

That, in a panoramic way, gives you the clue to what I am about to say. Let me try, then, to support the thesis that something new is happening in the United States.

Let me begin by saying that uncertainty is almost a way of life. Many of us, of course, would prefer that the world were more serene — perhaps all of us would — and that the crystal ball were clearer. But unhappily that is not the case, and we have the choice of whether we will cringe and wait for things to get better, or whether we will try to find some things that need to be done and get on with the job.

People ask how we can plan in uncertain times. We don't know whether things are going up or down, getting better or worse. It is true that uncertainty is rife in our country. But are we not making decisions every day? In my judgement, the most short-sighted decision is to assume that tomorrow and tomorrow will be the same as today. The problem is to define the "new normal." If we define normal in terms of perfection, we are going to be disappointed. But if we can somehow understand the process of change, then we can proceed.

My prescription for this, for those who look at our country from inside or outside, is first of all to be very cautious about studying the United States in conventional terms of business cycles. Every one of us in this room has, at some point, been exposed to very helpful and very important business-cycle analysis. I am not saying to abandon it. But I am saying that the major problems facing the United States are, without exception, not cyclical. They are basic. They are structural. Therefore, they will not go away just automatically. We have to do something about them.

The first problem in the United States is lack of confidence in ourselves. That will not disappear because someone says wait thirty-nine months. The second critical problem is inflation. Some phases of it may be cyclical, but it is a basic problem in America and it is a fungus, a cancer. It is involved in energy, productivity, innovation, investment, the dollar, trade. The structural changes in the United States are under way in a relentless fashion. Therefore, if people are looking for a pattern of tranquillity and straight lines on charts, they will have a long wait. We have to somehow focus our attention on the underlying changes in the United States and look for the underlying directions and, above all, corrections.

We have a situation in our country, and it has been true for a long time, where the contrasts are very apparent if you look for them. But if you listen to the description as given by the media you hear only about the weaknesses. As of this moment, it would be my judgement that seventy-five per cent of the United States economy is flat-out, fully employed. The other part of our economy, automobiles, steel, housing and related activities, representing perhaps twenty-five per cent, is extremely weak. The average of the two is what you hear about, if you hear about anything other than the weakness. It is dangerous to generalize about the U.S. economy because within it are these great contrasts.

Let me put it in perspective by saying that, in my judgement, we are short one million people to fill jobs for computer programming and maintenance. That is a way of saying that change in America is thwarted because our ideas, our hardware if you will, are ahead of our ability to carry it out. This could even be a threat to the resumption of more vigorous growth in the United States.

The political and economic power of the United States has shifted west from the Mississippi River and south of St. Louis. I do not say this because I happen to be based with an organization that is headquartered in San Francisco. It is a relentless movement of people, resources and dynamism. To speak of our country as monolithic from coast to coast is obviously not very wise — and the same is true of Canada. These contrasts need to be mentioned and brought out. It does not mean that the north-eastern part of the United States is doomed. The exodus of people toward the south and the west, the inflation there and the pressures and shortages in housing and many other things mean that the north and east will rise again. That is the dynamism, the self-correction, of our country.

One of Mr. Reagan's major problems is to strike a consensus in America. I am sure all of you realize that in our country we have people of different ideologies

— and unhappily, their leaders never speak to each other. They give speeches about each other, but they don't know each other.

There are fifteen to twenty per cent of the voters in the United States who are dedicated to "quality of life" and environmental control. They couldn't care less about growth and conventional economic wisdom. They are young people and they won't go away. They are not rising in numbers any more, certainly not relatively, but they are too large a block of votes for anyone to ignore. They don't have a great deal in common with others.

We have another group in the United States that might be described as egalitarian — social liberals, or people who look to government to handle the problems of the underprivileged and to somehow redistribute wealth and income. A generation or so ago they represented two-thirds of the vote in the United States. Mr. Carter's recent experience suggests that maybe that ratio is one-third now.

We also have a group of fiscal conservatives. Mr. Reagan is their champion. He probably has just about half of the voters in that group.

Ideologies, leaders not speaking to each other, dynamism — no wonder there is compromise. Mr. Reagan's popularity poll at the moment is fifty-nine per cent. Consensus-building is difficult in any country because political reality is the accommodation of these differences. But in the United States the public is more and more speaking to each other, and a consensus is forming across America about the correction of the major problems we face. If the leaders don't begin to talk to each other, they will not be the leaders indefinitely.

We have another profound change in the United States. It is illustrated in many organizations, certainly in the corporate world, but it is also true in the field of religion, in labour, in education, in government. The leadership in the United States at the moment is sixty per cent of my generation. We are the depression-scarred generation. But in a matter of five years we will be only five per cent of the leadership. One of the most profound management changes that we have seen is coming. Right behind us is a group of extremely able leaders, people whose education and professional skills far exceed ours.

These people have had a great deal of experience. And yet, if you think about it, a perplexing problem confronts them because the first half of their career was based on the great surge of the United States, when the United States had half of the world's economy, when we had most of the trump cards, when the image of the dollar was much stronger, when we were perceived to be a more powerful nation than we are at the moment. But changes occurred in mid-stream for these leaders, social tension, inflation, a change in image of the United States on the negative side. So we have a risk-aversion generation right behind us.

Again, I am generalizing. There are many exceptions. Risk-aversion means a leadership without quite the same pioneering spirit. They are more defensive, more cautious, more careful — more pro-United States, if you will. They are not necessarily protectionist, but at least cautious.

There is a third group of leaders behind the ones I've just described. These are the new entrepreneurs. They have watched the older generations work through the problems — perhaps in frustration! They did not have the responsibility, but they had the time and the vision to see opportunities, many of them quite personal. They are not internationalists to the same degree as older leaders. They are quality-of-life people and they have a computer mentality which means they are perfectionists.

This generation has some little quirks in it. One headache and their health is a disaster; one argument with the wife and the marriage is no good. But these are the people with a new thrust in U.S. leadership. This change is taking place now and over the next few years. The blend of the best will provide a whole new basis for a new beginning. This is my prediction.

But it will not take place without some adjustments in individual areas. It is, indeed, a confusing time. The economy of the United States is mixed. The political and social power is changing. Management is changing. Structural change is overwhelming the business cycle.

Perhaps the most important problem is the perception (the greatest threat to President Reagan) that somehow we will not get on top of the inflation problem. Sweeping through the world, since the fall of 1973, has been the feeling that something basic is happening to erode the integrity of the purchasing power of our money. A far greater perception of what inflation is all about is evident today. Seven or eight years ago, when we polled people across the United States and asked them about inflation, they could hardly give us a definition. Today, ninety-five per cent can not only give us a good definition of inflation in economic terms, but they are behaving, by their own admission, differently in light of it.

The President of the United States confronts a situation where the basic attitude is *at least* moderately negative as to whether we can get things under control. It doesn't mean that people don't hope that we can, but they are not certain.

It is a confusing period, a period of enormous change, not only in economic and social terms, but in psychology and confidence. It is also a time when people are asking what is the right thing to do. We have, as you know, certain limitations on the use of energy in the United States. Those of you who have driven in our country may well ask what the speed limit is. The only person I know who has observed it is my neighbour's son, backing his father's car out of the garage. But I think the people of the United States are finally coming to recognize the seriousness of the energy problem. The President has decontrolled oil, not gas. Conservation measures are beginning to show up in statistics. I think I can say that within the last six months the people of the United States have made the decision to win the energy war.

That bodes well for all of us, but it has been a long time coming. Last week in Paris I checked out prices. There, one gallon of gasoline costs $3.50 (U.S.). The prevailing average in the United States is about $1.50. The tax structure in France is sixty per cent. We have simply not faced up to reality. But I think we are now prepared to do that. The mood in America is a willingness to get on with the job.

As you know, the utilities charge on the basis of an annual estimate of what gas and electricity will cost and spread that over equal monthly installments. Costs only come to the attention of consumers of energy in the United States in mid-year, in early fall, when those charges are rerated. Last year they went up between forty and sixty per cent on average. Believe me, that brought the reality of energy costs to the U.S. consumer.

The greatest concern in the United States about inflation is not in the kitchen, it is in the board room. These perceptions provide a base for a new beginning, but much hinges on the attitude toward the new Reagan administration. For those who are outside the United States looking at our country, I need only remind you that the United States electorate gave President Reagan a domestic mandate, not a foreign mandate. In fact, in the scale of values in preferences and priorities, assistance to other countries is at the bottom of the totem pole politically in the United States. There is not necessarily a mood of protectionism or anti-internationalism, but there is a kind of feeling that we don't have friends. We hear almost nothing positive from abroad. We understand that it is, politically, in many countries, necessary to challenge, question and attack the United States, perhaps in many instances with reason. But the media constantly tell the people of the United States that we are hated all over the world. I don't believe that's true. It's not clear that we are loved — and why should we be? What I am saying is that Mr. Reagan is not going to please the people around the world immediately. He is going to live by the mandate of correcting, as well as he can, the domestic base of the United States in order to ensure his own credibility at home.

I am on my way to Washington tomorrow, to chair a gathering, on the international monetary policy of the United States, of administration leaders and people from the business and financial community. It is still not entirely clear who the members of the administration team will be. That doesn't mean that the process is not under way. It simply means that the President has a domestic mandate well ahead of the foreign. We need to give him time and patience.

The critical question is whether the President's program will be approved, and if it is, whether it will work. The strategy, as I see it, seems to make a great deal of sense. He has articulated a strong doctrinaire point of view — although not quite as doctrinaire now as when he was the candidate. To get the attention of the American people beyond about twenty-seven seconds requires a distinct and unequivocal statement. This is why economists are not very useful! But Mr. Reagan has attracted the attention of the people and the debate is going on. The tragic assassination attempt has obviously slowed the President's momentum. But it is my feeling that when the chips are down, in May or June, the President will emerge with most of his spending cuts intact.

He has problems on the tax front — a classic case of the paradox that traditionally political leaders in our country have loved to give tax cuts and here the opposition is saying “Don’t.” But the President has hurdles to go over. Congress will want to go home on or about August first. There is a good chance that when they go, the President will have perhaps two-thirds of what he wants, but not without compromise.

As I judge it, this is a President who is asking far more than he expects to get, but whatever he gets will be far more than any previous President on the supply side of our economy. However, one is unable to prove the economic veracity of the program. The fact is that the President has made a stinging point in saying that if anyone has a better idea of how to solve the inflation problem, tell us what it is and we will look it over. New ideas are not forthcoming. We know, as the President says, that whatever has been done in the past, whatever short-term improvement there may have been, has given us a worse inflation problem in the long run. I think he will get his approval on that argument alone.

Whether it will work or not depends very much on the action of the people of the United States. There is no way you can say what will happen with any certainty. It depends on the board rooms, and whether they are managed by leaders who are prepared not only to wish our country’s leadership well, but to do something about it. In my judgement, twenty per cent of the tax savings must be put into savings and investment. At the moment, there is probably a saving rate of about five per cent. We are talking about marginal differences.

Here we have a President who, in the weeks ahead, will become a marketing, merchandising, sales-minded President. I believe that his success will depend upon whether the people in our country see that it is in their interest to do things at the margin that will strengthen the United States economically. Therein lies the critical point.

My forecast is that there is a basic belief that the correction time is here, that we have tried to throw money at problems and it hasn't worked. We have destroyed people with good intentions. It is time to take a fresh look. This is, in my judgement, the decade of destiny for the United States. Perhaps, in light of the assassination attempt, this is the administration of destiny. Success, not only achieved but perceived, between now and the fall of 1982 and a report card in the Congressional elections will change attitudes positively, not only within the United States, but also from the outside, toward the dollar, toward interest rates, toward investment. I need only say, think of the consequences if the perception is negative. We can ill afford to have two unsuccessful Presidents back to back. My prediction is that we will not.

The thanks of the club were expressed to Dr. Hoadley by Sydney Hermant, a Past President of The Empire Club of Canada.

APRIL 30, 1981

President's Report—Annual General Meeting

CHAIRMAN The President, Reginald Stackhouse

DR. STACKHOUSE:

Ladies and gentlemen of The Empire Club of Canada: It is my privilege to report to the membership of the club in accordance with Article VI, Sub-section 2, of our Constitution: "At the annual meeting a report of the year's proceedings and work shall be submitted by the President."

PRESIDENT'S REPORT

Program

The club's activities began with our co-operating with the Canadian Club of Toronto, the Loyal Societies and the Military to sponsor a testimonial dinner honouring the Honourable Pauline McGibbon on her retirement as a much admired and beloved Lieutenant Governor of Ontario. The chairman of that memorable event was Major General Bruce J. Legge, President of the Empire Club Foundation, and active parts in the organization and program were taken by other members of the club. Our office staff took full charge of ticket distribution and other administrative arrangements.

Since the first Thursday of October, twenty-seven regular meetings have been held, including the annual Christmas luncheon. Twenty-six of these have heard major addresses, the speakers being drawn from government, business, law, sports, military, diplomacy and communications.

Taken together since 1903, our annual yearbooks form a living history of twentieth-century Canada and its world, and the addresses of the 1980-81 season will make a significant addition to that ongoing history. The reports of this year's meetings will record how in 1980-81 The Empire Club of Canada had its own version of the confederation debate, no fewer than nine speakers dealing with that subject. Readers of those speeches will surely learn most of the arguments that can be advanced for and against the constitutional reform proposals which have had top priority on the agenda of both nation and Parliament since last fall. They will also notice how the debate has not been partisan, insofar as speakers representing the same party have taken opposing views. Neither has it been regional, insofar as provincial speakers have reached different conclusions in spite of their having comparable interests. The club's program has thus formed a representative sample of Canadian thinking on the major issues before this country during the past year, and in that way has lived up to its tradition as "Canada's leading public forum."

We have been addressed also on major business concerns, such as future economic and industrial developments, and have heard from leading authorities in these fields. Their addresses have been of the quality that compliments the audience, and have thus demonstrated to the claim that most speakers give the speech of their lives when they come to this club.

The list of speakers is as follows:

— Hon. Frank Miller, Treasurer of Ontario
— Hon. Sinclair Stevens, a former President of the Treasury Board
— Hon. Jean Casselman Wadds, Canadian High Commissioner to the United Kingdom
— Mr. John Sewell, Mayor of Toronto, 1979, 1980

- Mr. Arthur Eggleton, Executive Alderman and candidate for mayor
- Mr. David Rockefeller, Chairman, Chase Manhattan Bank
- Admiral Robert H. Falls, Chairman, Military Committee, NATO
- Mr. Gerald Bouey, Governor, Bank of Canada
- Mr. Bowie Kuhn, Commissioner of Baseball
- Hon. Gardé Gardom, Minister of Intergovernmental Affairs, British Columbia
- Mr. F. Allan Smith, President, General Motors of Canada
- Mr. Claude Ryan, Leader of the Opposition, Province of Quebec
- Mr. Kenneth Taylor, Consul General of Canada, New York City
- Hon. Mark MacGuigan, Secretary of State for External Affairs
- Hon. Bette Stephenson, Minister of Education, Province of Ontario
- Mr. Henry Ford II, Chairman, Finance Committee, Ford Motor Company
- Rt. Hon. Joe Clark, Leader of the Opposition, Canada
- Hon. Jim Fleming, Minister of State for Multiculturalism
- Mr. Ed Mirvish, Toronto businessman
- Hon. William Davis, Premier of Ontario
- Rt. Hon. Bora Laskin, Chief Justice of Canada
- Mr. Michael Warren, interim general manager, CNE
- Hon. Flora MacDonald, former Secretary of State for External Affairs
- Mr. James Robinson, Chairman, American Express Company
- Mr. Charles Lynch, Southam News Services
- Dr. Walter E. Hoadley, Executive Vice-President, Bank of America
- Mr. Charles Baird, Chairman of Inco

The Christmas luncheon — honoured by the presence of the Hon. John Aird as our new Lieutenant Governor, the Most Rev. Lewis Garnsworthy, Archbishop of Toronto, Mr. Arthur Eggleton, Mayor of Toronto — attracted the largest attendance this annual event has recorded. A memorable musical program was presented by the Hart House Chorus, conducted by Professor Denise Narcisse-Mair.

Board of Directors

The board has met four times since the last annual general meeting. In February, it sponsored a dinner in honour of the Immediate Past President, Mr. John MacNaughton, which was attended by His Honour the Lieutenant Governor.

The board's work has been done efficiently by the following committees:

Attendance:	J. A. Wm. Whiteacre, Chairman
Constitution and Legal:	R. Bredin Stapells, Q.C., Chairman
Christmas Party:	George Stafford, Chairman
Head Table:	Montague Larkin, Chairman
Head Table Reception:	Charles C. Hoffman, Chairman
Membership Committees:	
Renewals	Sir Arthur Chetwynd, Bt., Chairman
Past Presidents	William M. Karn, Chairman
Directors	Ian D.C. McPhail, Chairman
New Directors	Henry J. Stalder, Chairman
Members	Terrence Tyers, Chairman
Past President's Dinner:	Vladin Milic, Chairman

Publicity:	A. Carlyle Dunbar, Chairman
Reception:	Dr. Clarence Crummey, Chairman Dr. James Parish, Vice-Chairman
Nominations:	John A. MacNaughton, Chairman
Finance:	Ronald Goodall, Chairman

My appreciation for support and counsel is given to these committees as well as to the club's officers:

Honorary President:	His Excellency the Rt. Hon. Edward Schreyer, C.C., C.M.M., C.D.
Honorary Vice-President:	The Hon. John Black Aird, O.C., Q.C., B.A., LL.D.
Honorary Solicitor:	John P. Robarts, P.C., C.C., Q.C.
Honorary Secretary:	Willis L. Blair
Honorary Assistant Secretary:	George O. Stafford
Honorary Treasurer:	Marvin Gelber
Honorary Assistant Treasurer:	The late John Fisher, O.C., LL.B., LL.D., D.S.S. D.Litt., D.U. (Mont.)
Honorary Auditor:	H.T. Jamieson, F.C.A.
Honorary Chaplain:	Very Rev. Ernest M. Howse, S.T.M., Ph.D., D.D., Litt.D.

My thanks are extended also to Major General Legge and the board members of the Empire Club Foundation for their vital work of funding our annual yearbook. The club transferred to the Foundation this year the sum of $16,000 to assist this project.

Staff

The active program of this club has been made possible only through the administrative help of my own secretary, Mrs. Marian Holmes, C.P.S., and the club's staff, Mrs. Eleanor Cook, Executive Secretary and Mrs. Betty McAdam, Office Secretary. For efficient and cordial service at all times, appreciation is offered the Royal York Hotel, especially Mr. Charles Burton, General Manager, Mr. Tony Hauth, Catering Manager, Mr. Adriano Ferreira, Convention Headwaiter, Mr. Charles de Castro, and our ever-ready floormen, Emilio and Sammy.

Membership

Our records show the club has nine honorary members, 138 life members and 2427 regular members for a total of 2574. Membership fees were held at $25.00 per year, and the board has approved for the coming year offering an espousal membership to couples for $35.00. Attendance at meetings to date has averaged 409.

My thanks are extended to Mr. Setrak Adourian for arranging the design and manufacture of a new club scarf.

Finance

The club has had a successful year and it is estimated that revenues will at least equal expenses and that we will have a balanced budget for the year. The club's fiscal year is over April 30th and our audited financial statement will be included in the 1980-81 yearbook.

Being president of this great club for the past year has been one of the finest honours I have had, and in spite of the many demands made on a president, the duties have always been pleasures, thanks to your cordial co-operation. The time and effort all of us put into this organization is more than justified, vital as our traditions and principles are to the well-being of

Canada. The forum the club provides for the intelligent and informative discussion of vital current affairs is basic to democracy. What we are doing here is essential for keeping Canada a strong and free society. Thank you for this opportunity to share in the club's leadership.

Respectfully submitted,
Reginald Stackhouse, President

REPORT OF THE NOMINATING COMMITTEE

MR. MACNAUGHTON:

Mr. President, distinguished head table guests and ladies and gentlemen of The Empire Club of Canada: I am pleased to report to you on the work of your Nominating Committee which was comprised this year of the following individuals — from the Board of Directors, Clarence B. Crummey, Peter Hermant, John D. Herrick, Reginald W. Lewis and myself; from the membership of the club were Robert Armstrong, Marvin Gelber, Robert H. Hilborn and H.N.R. Jackman. Our President, Reginald Stackhouse, served on the committee in an ex-officio capacity.

The Honorary Officers of the club are: Honorary President, His Excellency the Right Honourable Edward Schreyer, Governor General of Canada; Honorary Vice-President, the Honourable John B. Aird, Lieutenant Governor of Ontario; Honorary Chaplain, the Very Reverend Ernest M. Howse; Honorary Secretary, Willis Blair; Honorary Treasurer, Marvin Gelber; Honorary Auditor, H.T. Jamieson; Honorary Solicitor, the Honourable John P. Robarts; Honorary Assistant Secretary, George Stafford.

Our constitution calls for a Board of Directors comprised of forty members. Four of the Directors are to be the most recent Past Presidents of the club, if they are willing to serve. In this capacity I am pleased to nominate our incumbent President, Reginald Stackhouse, and also Peter Hermant, Reginald Lewis and John MacNaughton..

Our Treasurer will be Ronald Goodall, C.A., and our Secretary will be Leland Ausman.

The Nominating Committee is pleased to recommend that the following members of the Board of Directors continue to serve: Setrak Adourian, Sarah A. Band, Walter A. Borosa, J. Patrick Boyer, Donald H. Carlisle, Robin J.T. Chetwynd, Jerry A. Collins, Clarence B. Crummey, Barnett J. Danson, A. Carlyle Dunbar, John D. Herrick, Charles Hoffman, Montague Larkin, Nona Macdonald, W. Malcolm McIntyre, Ian D.C. McPhail, Vladan Milic, James A. Parish, Walter G. Pitman, Harold F. Roberts, R.A. Robertson, David A. Rubin, Harry T. Seymour, Gordon G. Steele, Hugh P. Stewart, Gordon W. Swayze, Terrence Tyers, J. Robert Watt, J.A. William Whiteacre.

As new members of the Board it is our pleasure to nominate Lorraine Gotlib, Q.C., partner in the law firm of Kingsmill Jennings; Samuel F. Hughes, Chairman, Hughes King & Company; and Leslie Parkinson, formerly Assistant General Manager of the Royal York Hotel.

In addition to the above-named nominees, your committee also recommends the election of the following three individuals who will be proposed to the Board itself for appointment to the post of Vice-President. First Vice-President, Henry J. Stalder, Canadian Representative of the Union Bank of Switzerland; Second Vice-President, Catherine R. Charlton, Director of Public Affairs, Business Council on National Issues; and Third Vice-President, Douglas L. Derry, C.A., partner, Price Waterhouse & Co.

Your committee is delighted to nominate as President of The Empire Club of Canada for its 1981-1982 season, Stephen F. Andrunyk, an individual who has distinguished himself through his service to Canada and his community.

Brigadier General Andrunyk spent thirty-eight years in the Canadian Forces serving in Europe during the Second World War and, both as a regular and later as reserve officer, in a variety of domestic and foreign posts.

Among his more notable tours were Senior Training Adviser to the Tanzanian People's Defence Forces during which time he climbed Mount Kilimanjaro to plant Canada's flag to mark Centennial year; Canadian Liaison Officer with the American Forces in Alaska; Staff Officer with the British War Office in London and Canadian Military Attaché to Poland. Stephen F. Andrunyk was admitted to the Order of Military Merit in December, 1975 for his outstanding contribution to the Canadian Forces, is an officer in the Order of St. John and holds the Canadian Forces Decoration with two bars.

Since his retirement he has been the President and General Manager of the Ontario Safety League and is active in various community organizations. He is an elder in St. Andrew's Presbyterian Church; Director of the Royal Canadian Military Institute; Executive Member of the Royal Commonwealth Society; Executive Member of the Ontario Council of St. John Ambulance and, of course, beginning on May 1, 1981 he will add to this list the title of President of The Empire Club of Canada. It is a pleasure to place his name in nomination.

Ladies and gentlemen, I know that in a moment Stephen Andrunyk will express formally the thanks of the club to Reg Stackhouse. Before concluding my report I would also like to add a personal word of appreciation and to acknowledge my admiration for the manner in which he has conducted the affairs of The Empire Club of Canada. Enthusiasm for a new President is always tempered by sadness that the incumbent who, we know and respect, is stepping down from office. This is especially true this year because Reg Stackhouse, through the skill of his administration, the imagination of his program, and the grace, wit and eloquence of his introductions has provided the club with a memorable year. Thank you, Reg.

Ladies and gentlemen, that concludes the report of your Nominating Committee and I have confidence and pleasure in recommending to you all of the names put forward for your consideration this afternoon. Mr. President, thank you very much.

John McNaughton moved and it was seconded by Sir Arthur Chetwynd that the report of the Nominating Committee be accepted.

DR. STACKHOUSE:

Thank you, Mr. MacNaughton.

Ladies and gentlemen, are there any further nominations? It was moved by Gordon Steele and seconded by Carlyle Dunbar that nominations be closed.

Those in favour of the motion? Carried.

I now call upon our Acting Secretary, Mr. Ian McPhail, to cast a single ballot in favour of those Directors named in the report of the Nominating Committee.

MR. McPHAIL:

Mr. President: As Acting Secretary, and under the terms of Article III-3 of the Constitution of The Empire Club of Canada, I hereby cast this single ballot in favour of those whose names have been read by the Chairman of the Nominating Committee as members of the Board of Directors for 1981-82.

DR. STACKHOUSE:

I now declare those members properly elected as Directors of The Empire Club of Canada for our seventy-eighth year. I congratulate

Stephen Andrunyk, to whom I pass the Chain of Office, and I now ask him to address you.

GENERAL ANDRUNYK:

Mr. President, distinguished head table guests, ladies and gentlemen of The Empire Club of Canada: Thank you for giving me this opportunity to say a few words — and a few words it will be since I have been reminded on more than one occasion that a lack of fullness of hair does not entitle one to a fullness of mouth. I also tend to agree with the advice of the late General Omar Bradley who said that the greatest service a retired General can offer to society is to turn in his tongue with his uniform.

I am deeply honoured to have been chosen to succeed Dr. Stackhouse as your President for the coming year. In accepting this high office, I am well aware of the responsibilities I have incurred and I pledge to maintain and strengthen the noble traditions of the Empire Club that have been established and upheld by Dr. Stackhouse and his distinguished predecessors over the past seventy-eight years.

To me it seems like only yesterday when Dr. Stackhouse, in his remarks as the incoming President, expressed some apprehension about following in John MacNaughton's footsteps who, as you know, enjoyed a highly successful year in office. You will recall Dr. Stackhouse calling on his guardian angel for the granting of three wishes. In looking back, his fears were totally unfounded as evidenced by the excellent and distinguished speakers he was able to bring to our podium, and to the best of my knowledge all who accepted to speak showed up. Through his dedicated attention to the club's activities, his many talents, his good humour, and above all his fine leadership, the Empire Club enjoyed another great year.

It is therefore my privilege on behalf of the Past Presidents, the Directors, and the membership at large to extend to you, Dr. Stackhouse, a sincere thank you for a job exceedingly well done.

Before I sit down may I remind the Past Presidents and newly elected Directors that we will meet immediately at the conclusion of this meeting to transact some business for the coming year.

Thank you again, ladies and gentlemen, for entrusting me with the privilege of serving you as your President for 1981-82. With your support and guidance I feel confident that we will have another great year.

APRIL 30, 1981

The Future is Not What it Used to Be

AN ADDRESS BY Charles F. Baird,
CHAIRMAN AND
CHIEF EXECUTIVE OFFICER,
INCO LIMITED

CHAIRMAN The President,
Reginald Stackhouse

DR. STACKHOUSE:

If leaders of our society wore stars on their lapels, our speaker would wear four.

Obviously he is a leader of the business community. Anyone who is chairman and chief executive officer of Inco, one of Canada's great corporations, has to be one of this country's business leaders.

But our speaker has also been a leader of government. Before joining Inco in 1969 as a Vice-President for Finance, he had been Under Secretary of the Navy in the United States Government, a post that made him the administrative head of a department which included one million naval personnel and four hundred thousand civilians.

Our speaker is also a leader in community life. He is, for example, chairman of the board of trustees for Bucknell University, and a member of many important councils and societies, including the prestigious Council on Foreign Relations.

As well, we must respect the way he is a leader in physical fitness. A former United States tennis champion, he recently won the Senior Doubles tournament at Toronto's Queen's Club. Golfers should also be warned that he has a handicap of twelve!

Rich deposits of nickel and copper have made the Sudbury Basin one of the world's richest mineral areas. They were discovered in 1883 by accident when the CPR was being pushed through. But they have not been developed by accident. The success of the corporation which has become synonymous with Sudbury and nickel has been greatly due to the kind of leadership shown by our distinguished speaker of today.

It therefore gives me great pleasure to introduce Mr. Charles Baird.

MR. BAIRD:

In the last century Victorians looked with Tennyson "into the future" and, like him, saw "all the wonders that will be." Their overwhelming sense of optimism about the future arose in large part from the challenge and vitality that came from the developing frontiers of the New World. As confidence in the future faded after World War I, Paul Valery, French poet and author, expressed — rather well I think — his doubts about these changes: "The trouble with our times is that the future is not what it used to be."

And the world continued to leave its optimism behind — through depression and a second war to end all wars. In spite of a strong post-war recovery, by the 1960s Broadway was expressing its somewhat jaundiced view of the future in a more forthright style with the play *Stop the World, I Want to Get Off*. I'm not sure I could find a phrase more à propos to describe today.

Traditionally, writers and analysts attempted to stabilize the present by setting it in an historical context, to achieve perspective by relating where we are to where we have been. These days analysts project forward — from the instability of today into the uncertainty of tomorrow. Books about the future proliferate, ranging from the social and economic dynamics of change to econometric models of the next century — from *Future Shock* and *Limits to Growth*, through *How to Prosper in the Coming Bad Years*, *The Third Wave*, *Managing in Turbulent Times* and *The Zero Sum Society*, to the recent three volume U.S. study *The Global 2000 Report to the President.*

I don't have a crystal ball that is clear enough to cover all this ground, but it might be useful to examine some of the major characteristics of change that will face Canada and the world in the 1980s. I shall make no attempt to predict the outcome of the global strategic struggle between the Soviet bloc and the NATO nations, nor the impact of developments in China, nor the threat to global peace represented by the powder keg that is the Middle East. Rather I assume that the rather shaky standoff that has existed for decades will continue and that Third World nations will not disturb the peace. Nor shall I attempt to predict what new social changes will startle our future. Like most businessmen I shall focus on economic and political issues.

One common thread runs through almost all scenarios about the economic future of the Western industrial countries: the medium-term outlook for world growth is far from optimistic. Experts in Western Europe await the re-emergence of growth; those in North America are still seeking confirmation that the recovery from the latest business cycle is firmly in place.

Record levels of inflation, a continuing series of energy-price hikes, growing balance of payments deficits, fluctuating exchange rates, rising unemployment and stagflation continue to erode the economic vitality of most countries, creating a policy dilemma of exceptional dimensions — how to manage the irreconcilable — price stability and growth.

Weakening economies cannot absorb the growing work force, and are facing unprecedented levels of unemployment. At the same time inflation has eroded much of the growth in earnings. Real income per worker in the U.S. has been declining for two years now; in Canada and much of Europe the situation is only marginally better. While the social and political costs of squeezing inflation out of the system seem unacceptably high for most governments, economic stimulation to reduce unemployment would, if carried too far, accelerate the inflationary merry-go-round.

Clearly this is a vast over-simplification, but policy makers are caught on the horns of a double dilemma: the high cost of unemployment and inflation, and the fragility of the trade-off between price stability and growth. Mrs. Thatcher has learned that her tough Conservative policies can make things much worse, before they get better. Mr. Reagan has learned that pre-election prescriptions are more difficult after the fact. With an inflationary psychology and continuing pressures from oil prices firmly embedded in the economy, the outlook is problematic at best.

OPEC energy price increases and the failure of national policies to adjust to their inevitable inflationary impact lie at the heart of continuing worldwide inflation. Up to now most attention has been focused on the problem of financing the international deficits, on a search for ways to reduce dependence on imported oil, and efforts to ensure security of supply. Some oil users are changing to cheaper or more dependable forms of energy. Others have cut consumption. Britain's oil consumption in 1980, for instance, was the lowest in fifteen years due only in part to the economic slowdown. U.S. gasoline consumption in March was the lowest since 1971. In Canada where prices have risen less, energy consumption continues to set records, but energy production is not being increased as it would be if proper price incentives were present.

Reginald Stackhouse, President, with Charles F. Baird, Chairman and Chief Executive Officer, Inco Limited

As prices escalate, energy saving takes on greater urgency. In my own company, for example, Inco's Ontario Division — the province's largest single energy user — has been able to reduce its rate of energy consumption by ten per cent since 1975; as prices rise we shall find ways to invest profitably for even greater savings.

What remains largely unresolved in this new environment is the longer-term and more difficult task of restructuring industry to accommodate higher energy costs and new price relationships among labour, capital and energy. A resolution of these changes in relative and absolute costs will result in a decline in some energy intensive products and processes as well as new patterns of competitiveness for domestic and internationally traded goods.

In Canada there has been no lack of discussion about energy. The federal government is taking the position on prices that Canada's energy resources represent a comparative advantage that can be used to hold back the tide of inflation and increase the competitiveness of Canadian exports. There are short-term advantages in this position, particularly to the consumer. Nevertheless, if Canadian industries are long insulated from the full impact of world oil and energy prices, they will delay making the inevitable structural adjustments to changing production costs, currently in process throughout most of the industrial world. This reality was forced on most oil-dependent Western European countries some time ago, and at last is being faced in the U.S. In Canada, the failure to use prices to force these adjustments will defer them, at high cost to the Canadian economy and to all Canadians.

If OPEC is able to set oil prices in relation to world inflation, the value of the U.S. dollar and the rate of growth of oil demand, international prices could increase by over ten per cent a year. This could bring us $100 a barrel for oil by 1990. An alternative scenario recognizes the possibility of disruption in Middle East oil supply as internal or international strains cripple one or more producing countries. Either way the Western countries will, literally and figuratively, pay a high price.

Prospects for growth in the rest of the world are equally problematic. Failure of the communist countries to achieve their production goals over the past five years has resulted in a reduction of targets for the next plan period. This will dampen the growth of trade between Eastern and Western Europe that has been of increasing significance in recent years. The situation in Poland must exacerbate more than the politics of the region.

The economies of the non-oil-producing developing countries are reeling under the impact of high energy prices. The newly industrialized countries, or NICs, as they are called, such as South Korea, Taiwan and Brazil, burdened with high levels of debt and growing dependence on Western markets for their output, are particularly hard hit. As these countries try to get their economies under control, there will be an increasing number and variety of policy changes — some of which may prove particularly difficult for the investor. By and large, the less developed countries are likely to remain poor, and under considerable economic, social and political stress.

Any objective view of the next several years suggests that, on average, growth in most regions of the world is unlikely to be significantly stronger than in the 1970s.

In the Third World extremism and confrontation seem to be spreading, with wars between countries and revolution and terrorism within. Differences exist, not only among Third World countries but between groupings: between oil and non-oil producers; between the NICs who have grown rapidly and the least developed who have not; between aligned and nonaligned; communist and non-communist. These differences make mutual co-operation difficult and meaningful dialogue between North and South almost impossible.

In the industrial world confrontation seems peaceful by comparison, but that pendulum is also tending to swing to extremes. The resolution of many important issues is being stalled in the difficult and sometimes impossible search for a national or international consensus.

Differences among the Western countries appear to be neutralizing collective action. The variety of responses by NATO member countries to recent events in Iran, Iraq, Afghanistan and Poland suggests a crumbling of cohesion among the Western Alliance.

The intractability of many domestic policy problems is also creating a heightened polarization of views. The middle ground is being deserted in favour of doctrinaire views on the right and the left of the political spectrum; society is fragmenting into splinter groups with different and conflicting interests and goals. This environment, more fractional and more parochial, is tending to enhance protectionist and nationalist, anti-market, anti-business and anti-multinational sentiments that threaten more than our ideological orientation; they threaten the very system on which the Western nations have built their success.

Let us look first at protectionism. As the Tokyo Round came to a conclusion the erosion of its purpose was already under way. Economic problems in particular industries prompted a number of governments to react defensively to protect domestic output and employment — the crisis in the world steel industries is a case in point. The economic slowdown last year resulted in further efforts to protect the domestic economy from foreign competition as illustrated by a call for protection against Japanese cars in Europe as well as North America.

Commodity agreements, another form of protective market intervention, have a long and controversial history, but I think it is fair to say that there is some consensus that past attempts to design and implement such agreements have not been particularly successful.

In recent years, the United Nations Conference on Trade and Development (UNCTAD) has been a prime mover in promoting agreements in metals and agricultural commodities. Weaker world demand and balance of payments problems in the Third World may revive pressures for such agreements. At Inco, we support the Canadian government's proposals for intergovernmental meetings in which a balance of producer and consumer interests discuss industry and commodity problems. In my view, we should continue to resist proposals that provide politically satisfying but unworkable answers to this very complex problem.

Nationalism — a larger concept than protectionism — takes a variety of forms, from patriotism to zenophobia. Deeply rooted in our value system, it can be a positive and productive force. On the other hand, as George Ignatieff indicated in a recent article, self-regarding nationalism is anachronistic and self-defeating.

As their economies deteriorate, many governments of Third World countries are under increasing pressures from nationalists on the political right and the left, both demanding explicit discrimination against foreign business. This may take the form of oppressive tax régimes, controls on capital or income remittances, hostility to the operations of foreign companies, and in some cases outright nationalization. On the fringe of nationalist extremism is the threat of violence and terrorism against foreign companies and their employees.

At one time, businesses operating in a foreign and unpredictable environment were sheltered by a political umbrella provided by the government of the parent country. The fabric of this umbrella has long since dissolved and companies cannot rely on governments to safeguard their overseas operations.

As a result, corporations no longer focus only on finding promising business opportunities. They must now allocate increasing resources to studying the balance between potential growth and potential hazards. Risk measurement is not an art or a science. In fact, in the light of events in Iran and Afghanistan, students of risk forecasting are learning that predicting the future is hazardous to your reputation.

There is a tendency in the industrial countries to consider extremes of nationalism an exclusive characteristic of the Third World. This is far from being the case. When times are good, attitudes and policies are open, outward-looking and supportive; when economic growth and social change are stalled or threatened, there is always and everywhere a tendency to pull the wagons into a circle.

In a world that, by any standard, is becoming more interdependent, the cost of economic nationalism will in the final analysis be felt, not merely in reduced profits for business, but in lower real income for everyone. On these grounds, I must express my grave concern about the philosophy of economic nationalism currently being translated into policy in Ottawa.

Capitalism brought to the Western world an incomparably high standard of living and legitimized the role of the mixed economy and the business sector. Unfortunately, their authority has been declining. In the 1960s, there was an upsurge of emotional and intellectual effort, primarily among the young, that called into question many of our traditional social, economic and political values. This process established social and human objectives as our primary goal and the economic system as a means to achieve that goal. Unfortunately, this conclusion is often distorted to suggest that economic considerations are minor or dispensable. Nothing could be further from the truth. Economic progress still provides the basis for any significant improvement in the quality of life, and we ignore this fact at great cost.

The rhetoric of the left has tried to sell the idea that private enterprise economy — big business in general, and foreign big business in particular — is to blame for the failure of economic growth to produce the promised rose garden of universal social progress. In this process, multinationals have been made responsible for more of the world's problems than any reasoned or objective analysis could sustain.

Don't misunderstand. Corporate performance has not been perfect. Corporate leaders agree that the business sector's responsibility for creating wealth must be squared with social and individual as well as economic needs and objectives. Corporate integrity must obtain — and be seen to obtain. There are legitimate differences of opinion on priorities but these can, and must, be resolved. Individuals and groups who promote policies that threaten the survival of the mixed economy do not act in the long-term interest of the average worker or consumer, and I think most of them know it.

On the international side, organizations such as the United Nations, the Organization for Economic Cooperation and Development (OECD) and various business groups are formulating performance guidelines on multinational investments that help protect the interests of the host country. Unfortunately, they do not provide useful safeguards for corporations against arbitrary actions by governments. The elaboration of guidelines will continue, and companies should participate in the process in the hope that mutually constructive agreement on the rules of the game can be achieved. Greater stability of the corporate environment in the Third World is essential if investment from Western countries is to reverse its downward trend.

The traditional role of government was limited to safeguarding the conditions of the market. In many Western industrial countries, government regulation and intervention have been a growing source of friction with the business community. When, in its view, the market is not working, the government or its bureaucracy seem to believe that they can create a managed market that will do better. For the most part, this is a fallacy.

In the U.S., there is evidence of a new commitment to back away from regulation. In Canada, there have been some encouraging statements about reducing the burden of regulation, but as yet the rhetoric seems to exceed the reality. Senator Olson recently reported that the reduction in paperwork from last year's revisions to the government's reporting requirements will save eight thousand boxcars of paper this year. I applaud this move. Unfortunately, if the Minister of Industry, Trade and Commerce has his way on the proposed revisions to FIRA that would require performance reporting by foreign-owned companies in Canada, the eight thousand boxcars will be full again.

The business community welcomes every attempt to reduce the burden of reporting and regulation. The cost of regulation runs high. When it strangles incentive and efficiency in the private sector, society's gain is small and short-lived.

This overview is not particularly optimistic. Churchill said that the British prefer to be told how things are — in fact they like to know the worst. I hope this is a Commonwealth characteristic too, and that members and associates of The Empire Club of Canada also have some predilection for "hearing it as it is." In fact, my purpose is not pessimism. I have gone down this road today believing that it is crucial to look at the way our world is developing. If we don't like what we see we must try to change it.

It is some time since I last heard the prophecy that the second half of the twentieth century belonged to Canada. Given the present state of disarray it is hard to recall that over the past thirty years, economic and social progress in this country has been almost unrivaled. The OPEC oil cartel has diminished the medium-term growth potential in the industrial world in fundamental ways. Canada, with its exceptional energy and resource advantage, could — note, I said could — achieve and maintain a leadership role into the next century. If this is to happen, governments must resolve their political and economic differences and develop a policy orientation that will, among other things, stimulate business to higher levels of productivity and to increased investment in the Canadian future.

We must not let the problems overwhelm the potential. If we, and this means all the players, can get our act together, the prophecy may still come true. Valery also said, "L'avenir est la parcelle plus sensible de l'instant." I agree — the future is the better part of today.

The thanks of the club were expressed to Mr. Baird by Ian McPhail, a Director of The Empire Club of Canada.

DR. STACKHOUSE:

Ladies and gentlemen, this is the final meeting of the 1980-81 season. I thank you for being with us today and for your support through all the previous twenty-six meetings which began on the first Thursday of October. It has been a privilege and a pleasure to serve you as your President and to work with so many fine people whose services each week are required for the club to function with the efficiency and the finesse for which it has become well known.

The Empire Club of Canada more than deserves the dedication that has made this voluntary society possible since its foundation in 1903. It provides the kind of public forum that is vital to democracy. Here leaders of business, government, the arts and every significant dimension of our life discuss issues vital to us all. If free speech is the soul of democracy, a corporate body for that soul is just as essential and this club provides one that is known and respected the world over.

But The Empire Club of Canada does more. It represents values and traditions that must be respected and preserved if Canada is to survive as the kind of nation that is honoured by all, and envied by many. It was the threat to those values and traditions which inspired the organization of the club seventy-eight years ago, and it is the even greater threat to them now that must inspire us all to continue this club into the future.

Some outside our membership find offence in the name, "Empire Club," and in a strictly political sense it is anachronistic. But not in a symbolic sense, and no one should want to change it any more than he or she would want to change the name of the Empire State Building. It represents something precious to us as a people, something that has been implicit in every speech given this year, however unconsciously the speaker advanced this message. It is the commitment to greatness, the conviction that greatness can be our future, the determination that greatness will be not a memory but a target. Empires have always been the achievement of people who have thought in those terms, and Canada's future depends on its having people described in the lines:

> Give me men to match my mountains,
> Give me men to match my plains,
> Men with greatness in their bosoms,
> Men with empire in their brains.

It has been one of the great honours of my life to preside over a club with that spirit of greatness, and I have only happy memories as I say for the last time: Ladies and gentlemen, this meeting is adjourned.

1981-1982

Officers and Board of Directors

Honorary President	His Excellency the Rt. Hon. Edward Schreyer, C.C., C.M.M., C.D. Governor General of Canada
Honorary Vice-President	The Hon. John Black Aird, O.C., Q.C., B.A., LL.D. Lieutenant Governor of Ontario
Honorary Chaplain	The Very Rev. Ernest M. Howse, S.T.M., PH.D., D.D., LITT.D.
Honorary Secretary	Willis L. Blair
Honorary Treasurer	Marvin Gelber
Honorary Auditor	H.T. Jamieson, F.C.A.
Honorary Solicitor	The Hon. John P. Robarts, P.C., C.C., Q.C.
Honorary Assistant Secretary	George O. Stafford

Officers

President	B.Gen. S.F. Andrunyk, O.M.M., C.D.
First Vice-President	Henry J. Stalder
Second Vice-President	Catherine R. Charlton
Third Vice-President	Douglas L. Derry, C.A.
Secretary	Leland H. Ausman
Treasurer	Ronald Goodall, C.A.

Directors

Setrak Adourian
Sarah A. Band
Walter A. Borosa
J. Patrick Boyer
Donald H. Carlisle
Robin J.T. Chetwynd

Jerry A. Collins
Clarence B. Crummey, M.D., F.C.F.P.(C)
The Hon. Barnett J. Danson, P.C.
A. Carlyle Dunbar
Lorraine Gotlib, Q.C.
Peter Hermant
John D. Herrick
Chas. C. (Bud) Hoffman
Samuel F. Hughes
Montague Larkin, C.A.
B.Gen. Reginald W. Lewis, C.D.
Nona Macdonald
John A. MacNaughton
W. Malcolm McIntyre
Ian D.C. McPhail
Vladan Milic, B.ARCH., F.R.A.I.C.
Dr. James A. Parish
Leslie C. Parkinson
Walter G. Pitman
The Rev. Harold F. Roberts
R. A. Robertson
David A. Rubin, Q.C.
Harry T. Seymour
Reginald Stackhouse, M.A., B.D., L.TH., PH.D.
Gordon G. Steele, M.COM.
L.Col. Hugh P. Stewart, C.D.
Gordon W. Swayze
Terrence Tyers
The Rev. J. Robert Watt, B.A., B.D.
J.A. William Whiteacre, M.M., C.D., Q.C.

Constitution

As amended April 26th, 1973

ORGANIZATION OF THE CLUB

ARTICLE I

Name

1. The name of the club shall be The Empire Club of Canada.

Purpose and Object

2. The purpose and object of the club is to promote the interests of Canada and the British Commonwealth by the consideration and discussion of subjects and events relating thereto and by any other means appropriate to the facilities of the club.

MEMBERSHIP

ARTICLE II

Classes of Members

1. The membership of the club shall consist of:
   (a) Honorary members
   (b) Life members
   (c) Regular members
   (d) Corporate members

   All members of classes (a), (b), (c) must be the full age of eighteen years.

Honorary Members

2. Honorary members may be elected by the unanimous vote of those present at a meeting of the board of directors. They shall be exempt from the payment of fees but shall not have the privilege of

voting or holding office and their membership shall be terminable at any time by a two-thirds majority of those present at a meeting of the board of directors.

Life Members

3. Members of the club in good standing (other than corporate members) and other persons regularly proposed may be elected life members by a two-thirds majority of those present at a meeting of the board of directors. Life members shall pay such a fee in one sum as may be fixed from time to time by the board of directors.

Regular Members

4. Save as provided in Section 5 of this Article candidates for regular membership shall be proposed by a member in good standing and shall be elected by a two-thirds majority of those present at a meeting of the board of directors.

   Save as provided in Section 5 of this Article regular members shall pay respectively such annual fees as may be fixed from time to time by the board of directors. Members elected after the first day of March in any year shall pay one annual fee only in respect of the period from the date of election until the thirtieth day of September in the following year. No member in arrears for fees after January 1 shall be considered in good standing.

Corporate Members

5. Any company, partnership or business organization shall be eligible for election as a corporate member. Applicants shall be proposed by a member in good standing and the application shall contain the names and positions of the persons nominated by the applicant as its representative regular members. The applicant and its nominated representatives

shall be elected by a two-thirds majority of those present at a meeting of the board of directors. A corporate member shall be entitled to nominate such number of its representative regular members as may be fixed from time to time by the board of directors and shall pay such annual fee as may be fixed from time to time by the board of directors, provided that such fee shall not be less than the aggregate fees which would have been payable on an individual basis by such representative members for the year in question. Save as in this section provided no fee shall be payable by or in respect of the representative regular members of a corporate member.

DIRECTORS

ARTICLE III

Duties and Powers

1. The affairs of the club shall be managed by a board of directors who may exercise all such powers and do all such acts and things as may be exercised or done by the club and are not by the by-laws or by law directed or required to be done by the club at a general meeting of its members. At all meetings of the board of directors the Chairman of the meeting shall have a casting vote.

Number and Quorum

2. The board of directors shall consist of forty members of whom sixteen shall constitute a quorum. The board of directors shall include at least four past presidents of the club, one of whom shall be the immediate past president and three others shall be the three past presidents immediately preceding the immediate past president if they are willing and able to act as directors.

Election of Directors

3. A nominating committee consisting of five members of the board of directors and four other regular members of the club shall be appointed annually by the board of directors at least thirty days prior to the annual meeting and shall prepare a list of nominations for directors for the ensuing year. The chairman or acting chairman of the nominating committee shall report the nominations of that committee to the annual meeting at which the board of directors shall be elected, but nothing herein shall preclude the nomination of other persons for the office of directors at the annual meeting. If nominations do not exceed the number of directors necessary, the chairman of the meeting may instruct the Secretary-Treasurer to cast one ballot in favour of those so nominated and thereupon such persons shall be declared by the chairman to have been duly elected. No person shall be elected a director unless he is a regular member in good standing and is a Canadian citizen or a British subject.

Meetings of Directors

4. Meetings of the board of directors shall be called by the President, or on a requisition signed by three of its members. Written notice of such meetings shall be given to each director five days or more before the meeting is to take place, provided that a meeting may be held at any time if all the directors are present or if those absent have waived notice of or otherwise signified their consent to such meeting being held in their absence or have approved or signified their approval in writing to the proceedings taken at the meeting. The board may appoint a day or days in any month or months for regular meetings, at an hour or place to be named, and of such regular meeting, no notice need be given.

Casual Vacancies

5. In the event of any vacancy occurring in the office of director, the remaining directors may fill the vacancy from among the members for the unexpired portion of the term of office of the person whose office is vacant.

OFFICERS

ARTICLE IV

1. The officers shall consist of an Honorary President, an Honorary Vice-President, a President, First, Second and Third Vice-Presidents, an Honorary Treasurer, an Honorary Secretary, a Secretary and a Treasurer. The board of directors may from time to time elect or appoint such other officers as it shall deem necessary. The President and the Vice-Presidents shall be directors of the club but other officers need not be directors. No person other than the Honorary President and the Honorary Vice-President shall be eligible for office unless he is a member in good standing. The President shall, when present, preside at all meetings of the members and of the board of directors. During the absence or inability to act of the President, the Vice-Presidents in order of seniority shall act as Chairman at such meetings and otherwise perform and exercise the duties and powers of the President.

Appointment of Officers

2. The board of directors shall meet as soon as convenient after their election for the purpose of appointing the officers of the club for the period ending April 30 in the next year but each officer shall continue in office until his successor is elected.

Casual Vacancies

3. In the event of a vacancy occurring in any office the board of directors may fill the vacancy for the unexpired portion of the term.

Honorary Auditor

4. An Honorary Auditor shall be appointed at each annual meeting. An audited statement of the finances of the club for the fiscal year shall be published annually and a copy shall be sent to each member.

COMMITTEES

ARTICLE V

1. The following standing committees and the chairman of each shall be appointed by the board of directors as soon as convenient after the election of the board:
   (a) Budget and Finance Committee
   (b) Speakers Committee
   (c) Membership Committee
   (d) Constitution Committee
   (e) Reception Committee
   (f) Publicity and Public Relations Committee
   (g) Year Book Committee
   (h) Head Table Committee

   provided that for any year the board of directors may by resolution elect not to appoint any one or more of such committees.
2. The President or the board of directors may from time to time appoint such other committees as may be deemed expedient.

MEETINGS OF MEMBERS

ARTICLE VI

General Meetings

1. The club shall hold general meetings weekly, if possible, from October to April, both inclusive, in

each twelve months with such intermissions as may from time to time be determined by the board of directors. Special meetings of the club may be called at any time by the President.

Annual Meeting

2. The annual meeting shall be held not later than April 30 in each year. At the annual meeting a report of the year's proceedings and work shall be submitted by the President and this report shall be accompanied by an interim report from the Secretary-Treasurer.

Notice of Meetings

3. Written notice of all meetings of members shall be given all members of the club before the date on which the meeting is to be held. Such notice shall be sufficient if addressed to the members, and deposited post paid in the post office in Toronto. The accidental failure or omission to give notice to any member shall not invalidate the proceedings at any meeting.

Quorum at Meetings

4. Sixteen members in good standing shall constitute a quorum at any meeting of the club, general, annual or special, and the Chairman of the meeting shall have a casting vote.

Limitation of Business at General Meetings

5. No business other than the hearing of the addresses shall be introduced at any meeting of the club by any person other than the chairman of the meeting, unless it has been submitted to the board of directors and received its approval.

FISCAL YEAR

ARTICLE VII

The fiscal year of the club shall end on such day in each year as may be fixed by the board of directors but unless so fixed by the board shall end on April 30.

AMENDMENTS

ARTICLE VIII

Subject to the provisions of The Corporation Act this constitution may be amended by the board of directors, but unless in the meantime confirmed by a majority of the members present in person at a meeting of the members duly called for that purpose, any amendment is effective only until the next annual meeting of members unless so confirmed thereat and, in default of such confirmation thereat ceases to have effect at and from that time, and in that case no new amendment of the same or like substance has any effect until confirmed at a meeting of the members.

Membership

HONORARY MEMBERS

Cartwright, The Hon. Mr. Justice J.R.
Comber, Walter W.
Gardiner, F.G., Q.C.
Jamieson, H.T., F.C.A.
Kemp, A.S.H.
McIntyre, W.M.
Michener, The Rt. Hon. Roland, P.C., Q.C.
Ralph, R. Ford
St. John, J. Stanley

LIFE MEMBERS

Adams, N. John
Allan, William N.
Ambrose, Graham H.
Anderson, D.S.
Ausman, Leland H.
Bagnato, Victor V.
Bassett, John
Baxter, Ian S.
Beare, S.E.
Beatty, D.S.
Bennett, Miss Ferne
Bennett, Dr. Ross C.
Best, Douglas W.
Borins, Norman
Broad, R.L.
Brooks-Hill, F.B.
Burke, E.T.C.
Burns, Charles F.W.
Campbell, W. Allan
Carpenter, David J.
Carter, Charles
Caswell, W.A., J.P.
Chetwynd, Sir Arthur R.T.
Clark, H. Spencer
Corey, George A.
Cotterill, Benedict G.R.
Craig, Lt. Col. John A.D.
Cranfield, Dr. Harold V.
Crummey, Dr. Clarence B.
Davies, Bertha E.
Deacon, Fraser
DelZotto, Elvio
Douglas, Lt. Col. R.G., O.St.J., C.D.
Duncanson, A. A.
DuVernet, E.A., Q.C.
Eaton, Donald L.H.
Eisen, Sol
Evis, Frederick A., Q.C., M.D.
Etherington, Joseph L.
Fabbro, J.J.
Frost, Col. C.S. Jr., Q.C.
Funston, Hilliard I.
Gibson, George Raymond
Gore, Graham M.
Graham, John W.
Graham, Kenneth G.
Griffin, Ian A.
Griffin, John W.
Hamilton, E.H.P.
Hargraft, George M.
Haussmann, Rudi
Hellyer, Hon. Paul T., P.C.
Hermant, Adam B.T.
Hermant, John D.
Hermant, Peter
Hermant, Sydney
Herrick, John D.
Hilborn, Col. Robt. H., M.V.O., M.B.E., C.D.
Hoffman, Charles C.
Holliday, John R.
Holota, Dennis
Horsley, Stephen Y.
Howse, T.H.
Hudson, John Beale
Hughes, James O.
Inwood, A.E.M.
Irwin, John F.
Jackman, H.N.R.
Jackman, W. Henry
Jervis, John

Jones, Trevor L.
Joyce, James H.
Jung, Friedrich W.
Jupp, Lt. Col. D.H., O.B.E.
Karn, William M.
King, Christopher C.
Kitchen, Rev. Sterling J.
Lacey, Mrs. Aileen M.
Lambert, A.T.
Lawson, H.R.
Legge, Major Gen. B.J., C.M.M., C.St.J., E.D., C.D., Q.C.
Lehner, Frederich N.
Leman, Arthur S.
Lennox, Gordon
Loftus, R.G.
Luciano, Joseph F.
Mackinnon, Lt. Col. A.P.
Marshall, George L.
Martin, J. Andrew
Matthews, A. Bruce, C.B.E., D.S.O.
Matthews, Beverley, C.B.E., Q.C.
May, Miss Gladys
Mazurek, Ewald P.
McCrimmon, Maj. J.S.G.
McMurray, John T.
Memory, John D.
Mikkila, W.G.
Mirvish, Edwin
Montgomery, James R.
Moses, John S.
Nagel, John F.
Neelands, D.G.
Ness, Bernard T.
Noustas, E.A.
Nunes-Vaz, Mrs. Berthe
Olver, A.S.
Pallett, John C.
Parish, Dr. James A.
Paul, Edward H.
Pearson, Prof. Norman, F.R.T.P.I.
Reid, W.H.
Reuber, Grant L.
Ridley, John B.
Rokeby-Thomas, Rev. Dr. H.R.
Roman, S.B.
Rosenberg, Leonard
Rutherford, Lt. Col. R.C.
Samis, Dr. T. Tweed
Sandy, J.
Schemmer, Axel P.H.
Shefsky, Samuel V.
Smeed, James R.
Smith, Carleton
Stackhouse, Dr. Reginald
Stark, Hon. Alexander Q.C.
Stingelin, Prof. Peter
Sullivan, Senator J. A., M.D.
Tappin, Graham John
Teasdale, Mrs. Barton F.
Thompson, William M.
Thomson, K.R.
Turnbull, R.
Turner, Capt. T.C., C.D., R.C.N.R.
Tuz, Lt. Col. Paul J., C.M., C.D.
Waldie, Gordon
Watkins, William B.
Webster, R.H.
Wells, Douglas S.
Williams, J.K.
Winkler, Sydney
Wotherspoon, G.D.
Wright, John L.
Yamaguchi, Koichiro

REGULAR MEMBERS

Abbott, Raymond S.N.
Abernethy, Wilson
Abraham, Canon Duncan
Abrams, Alan W., C.D.
Adair, L.E.
Adams, Alexandra M.
Adams, Anthony S.
Adams, Kerry D.
Adams, Michael
Adams, W.H.
Adamson, Edwin F.
Adamson, G.A.
Addison, Wm. G.
Adourian, Setrak
Adye, Rev. Canon E.R.G.
Affleck, Donald Scott
Aggett, Harold G.
Ahluwalia, George
Aird, David M.
Airst, Randy
Aitchison, Ian A.
Albery, A.C.R.
Albrecht, K. Michael
Alderson, D.E.
Alexander, H.H.
Allan, Dr. Blandford

Allen, C.R.E.
Allen, Douglas K.
Allen, Miss Jane E.
Allen, John F.
Allen, Rev. L. Harvey
Allen, Dr. Michael S., F.R.C.S.(C)
Allingham, N.W., Q.C.
Allison, A.
Allworth, Mrs. Mona C.
Ally, M. Asgar
Alton, T.R.
Amato, L.
Amos, A.A.
Amos, J.L.
Anderson, Allan J.
Anderson, Diane J.
Anderson, Douglas D.
Anderson, Prof. D. V.
Anderson, Kathleen J.
Andras, John
Andras, K.B.
Andre, Mrs. V.
Andrew, Donald E.
Andrews, Harry E.
Andrunyk, Muriel I.
Andrunyk, Brig. Gen. S.F.,
  O.M.M., C.D.
Andrus, Deborah Lee
Angus, D.L.
Angus, Jas. K.
Angus, John F.
Anthony, R.F.K.
Appel, Bluma
Archbold, Wm. D.
Archer, William L.
Archibald, C.R., Q.C.
Archibald, Ruth F.
Argent, Dr. W.R.
Ariel, David
Armitage, A.T.
Armitage, Donald
Armour, A. Douglas
Armstrong, B.L.
Armstrong, Bruce
Armstrong, Mrs. E.E.
Armstrong, G.E.
Armstrong, G. Warren
Armstrong, Jas. A.
Armstrong, June
Armstrong, Robert
Arnold, Bruno J.
Arthur, Philip D.
Arvay, Leslie G.
Ashton, Mrs. Toni
Aspin, Norman
Astley, D.B.
Atherton, W.A.
Atkey, Hon. Ron
Atkins, David H.
Atkins, Norman K.
Attewell, W.C.
Austfjord, Lynda M.
Austin, Audrey
Avery, A.
Avery, William M.
Aymong, A.M.
Ayrhart, William T.
Aziz, Julian

Babcock, J.M.
Back, Samuel
Badgley, F.H.
Badoer, Carlo
Bagnall, James S.
Bailey, John H.
Bailey, William H.C.
Bain, Ian
Bainard, Roy H.
Bak, L. Den
Baker, Gordon Roy
Baker, Herb F.
Baker, J.J.
Baldwin, Mrs. Blanca
Balfour, Norman E.
Ball, H. Graham
Balsara, Kate
Bancroft, Dan
Band, John T.
Band, Miss Sarah A.
Bankes, J.M.
Bankes, John F.
Banner, Dr. Mac
Baptista, M.C.S.
Baratz, Michael S.
Barber, Col. J.R., E.D., C.D.
Barber, William
Bardyn, Thor
Bark, Chad F.
Barltrop, C.S.
Barnes, W. Allan
Barr, David E.
Barros, Leo A.
Barrow, J.C.
Barry, Miss Hilda

Barslow, Joyce
Barstow, J.M.
Bartels, Klaus
Bassel, J.P., Q.C.
Bassett, Douglas
Bassett, Isabel
Bastien, Dr. Gerard
Baston, Paul F.
Batchelor, Gordon T.
Bateman, Joyce E.
Bath, D.H.W.
Beam, Robert E.
Beamish, K.J.
Beardmore, E. Gordon
Beattie, A., Q.C.
Beatty, R.I.
Beauchamp, P.B.C.
Beauchamp, Walter N.
Beauregard, Chantal
Beber, Monty C.
Beck, Miss M.E. Louise
Beckerman, Irving
Bedard, T.L.
Bedborough, Mrs. Cynthia
Beesley, K. Gordon
Begg, Curtis
Beggs, Mrs. Barbara M.
Belaiche, Dr. A.D.
Bell, B. Gen. George G., M.B.E., C.D.
Bell, J.A.G.
Bell, Norman B.
Bell, Stanley J.
Belsher, Selwyn P.
Belyea, Abner B.
Bender, George J.
Bennett, Bryan C.
Bennett, Hon. Claude F.
Bennett, Chief Judge Colin E.
Bennett, Douglas R.
Bennett, Ms. Jalynn H.
Bennett, R.F.
Bennett, Rev. Dr. Reginald M.
Bentley, D. Fraser
Bergel, Hy
Berger, Gordon
Bergeron, John C.
Bergerson, Peter D.
Berghuis, Wm. W.
Bergstein, Norman
Bernadine, Al
Berry, Dr. Henry
Bertram, Andrew John
Besko, Mrs. A.
Best, Eileen
Bethell, Robert E.
Bethune, K.M.
Betty, Derek W.
Biddell, J.L.
Biggs, G.L.
Biggs, Stanley C., Q.C.
Bilbrough, W.H.
Birch, Hon. Margaret
Biringer, Paul P.
Birkenmayer, Mrs. S.A.
Birkness, Brian
Bishop, Allan D.
Bishop, N. Jane
Bjarnason, Thomas H.
Black, Mrs. Grace
Black, Major K.R.
Blackwood, J.
Blackwood, John D.
Blaikie, Ross W.
Blair, Florence L.
Blair, Stanley E.
Blair, W. D'Arcy
Blair, Willis L.
Bland, Yvette P.
Blaney, James William
Bloch, Iri
Bloemen, P.J.M.
Bloomberg, Lawrence
Bloxam, William
Blundon, William E.
Bocz, Tibor
Boddy, R. Paul
Bodrug, Dr. A.G.
Boersma, J.M.
Bolliger, Stefan
Bolton, Thomas G.
Bolus, John W.
Bond, Dr. Elizabeth Parr
Bond, John W.
Bond, Major Mel W.
Bonnycastle, Law C.
Bonyun, Denis F.
Boraks, Richard R.
Borchers, Brigitta
Borinsky, Maxime
Borosa, Walter A.
Borthwick, Miss Jessie K.
Borthwick, P. Alexander
Bot, William B.

Bouchard, Michel
Boukouris, Paul G.
Boultbee, Peter S.
Bourne, F.R.
Bousefield, Mrs. Morleen
Bowden, Edward H.
Bowen, W.A.
Bowler, John E.
Boyajian, Roger H.
Boyd, Winnett
Boyer, J. Patrick
Boyko, Jos., LL.D.
Boyle, J.A.
Bracken, P.A.
Bradlow, John
Bradshaw, James W.
Braithwaite, L.A.
Bramm, George V.
Brandt, Michael D.
Brant, Reuben
Bray, Harry S.
Bray, Mrs. John F.
Breckenridge, P.D.
Bredt, M.D.
Breeze, Mrs. N.E.
Brennan, Mary T.
Brennan, William J.
Brent, John E.
Brethour, Eldon
Breuer, K.
Bridges, R. John
Brissenden, W.G.
Britton, J.C.
Broad, Chas. F.
Broadbent, Malcolm J.
Broadhurst, William H.
Brock, Frederick W.
Brodsky, Jack
Bromley, R.G.
Brook, Edward
Brooks, Barry L.
Browes, Pauline A.
Brown, Alan J.
Brown, Arthur E.
Brown, Dr. C.A.
Brown, Colin M.
Brown, G.O.
Brown, Mannie
Brown, Michael J.H.
Brown, Peter
Brown, W. Stuart
Brune, David

Bryan, John
Bryant, G. Keith
Bryon, Miss Lillian
Bryson, George M.
Buchanan, W.W.
Buck, Frank
Buddenhagen, W.C.
Buffett, Ron G.
Bulger, J. Earl
Bulmer, J.C.
Bundrock, Dr. Guenter
Bunting, Pearce
Bunton, James
Burbage, L.H.
Burden, Bruce C.
Burgess, H.T.
Burgoyne, Gerald W.
Burkman, Harry R.
Burleigh, W.G.
Burnard, F.S.
Burns, Allan L.
Burns, C. Jane
Burns, Mrs. Hazel
Burns, Jeffrey
Burns, Leslie G.
Burnside, E.G.
Burrow, Edward W.
Bursey, Morley B.
Burston, Neville
Burton, C.B.
Burton, E.G.
Burton, Lt. Col. G.A.
Bush, Jack
Buski, Richard S.
Butler, Frank
Butler, Ian
Buxton, Philip H.
Byrne, B. Mae, C.A.
Byrne, Wendy

Cade, J.R.
Caldwell, Doug
Callaghan, Rev. Keith
Caloz, Ramond R.
Cambridge, John Donald
Cameron, Major A.G.
Cameron, Donald Ross
Cameron, Major Rev. Ross K.
Campbell, Angus R.
Campbell, Dick
Campbell, Howard R.
Campbell, Mrs. K.L.

Campbell, Mac D.
Campbell, R.Y.W.
Campbell, William
Cane, A.
Cannon, Milda R.
Cappe, Joe, B.COM.
Cappe, N.R., Q.C.
Carlisle, D.C.
Carlisle, Donald H.
Carlson, Don
Carmichael, Hugh J.
Carnegie, Alan
Carnegie, James G.
Carnwath, Mrs. Nancy
Carpenter, Dr. T.A.
Carr, E.P.
Carr-Harris, L.
Carrie, Dr. Alan
Carrie, Mrs. Jean
Carruthers, Collin M.
Carter, Mrs. Dorothea
Carter, Mrs. Ella
Carter, S. Owen
Cartwright, Alton S.
Casey, E.M.
Cash, Robert Sheldon
Casselman, Nancy
Castonguay, J. Edmond
Caton, R. Brian
Catto, Lt. Col. John, C.D.
Cavanaugh, R.E.
Cavelti, Peter C.
Cavoukian, A.
Cecil-Stuart, Wendy M.
Ceponis, Sigmund V.
Chabrol, George Francis
Chalmers, Floyd S.
Chalmers, Kerr M.
Chalmers, Norman A.
Chalmers, Robert
Chambers, H.J.A.
Champ, John E.
Chant, Dixon S.
Chapin, Vincent L.
Chaplin, Ronald
Chapman, Anne
Chapman, S.F.
Chapman, Wm.
Charbonneau, G.A.
Charlton, Ms. C.R.
Charlton, Peggy
Charrey, Francis J.
Chartrand, Margaret
Chase, T. Millar
Chater, G. Richard
Cherry, Catherine
Cherry, Westcott W.
Chester, Lane R.
Chestnutt, James T.
Chetwynd, Robin
Chisholm, L.A.
Chisholm, Robert W.
Chisholm, Thomas
Chong, Dr. Gordon
Chop, Christopher E.
Chote, Rev. Dr. Arthur A.
Christoff, George
Churchill, John B.
Ciceri, Douglas
Cieszynski, Henry
Ciglen, Samuel, Q.C.
Claessens, Karlfried G.
Clark, Brian T.
Clark, Bruce Hamilton
Clark, E.G.
Clark, Miss H.A.L.
Clark, Ian M.
Clark, Joseph A.P.
Clark, Miss Mattie
Clark, Paul D.J.
Clark, Peter F.
Clarke, Mrs. Irene
Clarke, James H.
Clarke, K.H.J.
Clarke, Marnie A.
Clarke, Paul H.
Clarke, Peter J.
Clarke, W. James
Clarkson, Max B.E.
Clarry, John H.C.
Classen, R.A.M.
Claydon, James Henry
Cleland, Elizabeth
Cleland, W.M.
Clement, Miss Josie
Clements, John B., Q.C.
Cliff, Grahame J.
Clifford, Major F.N.
Clifford, R.G.
Clifford, Tom
Cline, Barry R.
Coburn, George E.
Cochrane, Frank
Cochrane, Michael H.

Code, J.M.W.
Cogdon, Noel
Cohen, John C.
Coker, John M.
Coleman, Very Rev. Dean A.E.
Coleman, William I.
Colhoun, J.L.A.
Collins, Ian J.
Collins, J.A.
Collins, James W.
Collins, Mrs. Janet E.
Collins, Roy E.
Collins-Williams, Dr. Cecil
Comisarow, Dr. Richard H., F.R.C.S.(C)
Complin, Derek V.
Comptess, Paul
Condliffe, Arthur J.
Connery, Lance
Conrad, J.C.P.
Consul General de France
Cook, G.A.
Cook, John H.
Cooke, Lena
Cooke, Mrs. Susan
Cools, Anne
Coombs, M.J.
Coombs, Sarah J.
Coon, Charles J.
Coon, James D.
Cooper, Ms. Virginia
Cooper, W.J.
Cooperman, Edwin M.
Copeland, J. Carl
Corbett, Judith A.
Corbett, Marie C.
Corbett, William A., Q.C.
Corder, David R.
Cork, E. Kendall
Cornell, William R.
Corner, William H.
Cornish, His Honour, Judge F.J.
Corolis, Peter
Corson, C.R.
Cosburn, W.D.
Cosby, Stanley C.
Cosgrove, Patricia
Cosman, Robert W.
Cotnam, G.G.
Cotnam, Dr. Harold Beatty
Cottrill, Richard
Coughlan, D.G.
Coultart, Reginald E.
Coulter, Mrs. Peggie
Coupland, W.C.
Courtine, Claude
Cousens, Tony
Coutts, Elgin E.
Cowan, Ross A.
Cowan, W.D.
Cowling, A.H.
Cowper, David B.
Cowperthwaite, G.H.
Cox, R.M.
Craft, Robt. F.
Craig, John W.
Craig, K.A.
Craik, Roy W.
Crang, J.H.
Crashley, Lt. Col. J.D., C.D.
Crawford, Robert W.
Creighton, J. Douglas
Cressman, Reginald J.
Crewe, Miss Nola Susan
Crichton, J. Scott
Crichton, R.J.
Crispo, F. Martin
Crittenden, Dorothea
Crockett, Arthur H.
Croll, Hon. David A.
Crombie, K.C.
Cronin, W.F.
Cronish, Robert
Cross, Mrs. Marion
Cross, W.B.
Cross, W.T.D.
Crossgrove, Mrs. Katharine
Crossley, Anthony K.
Crow, Stanley
Croxon, Neil
Cruickshank, Carol N.
Cruickshank, Mrs. Dorothy
Cruise, Dr. James E.
Cudahy, Mrs. Veada
Cumming, Joseph M.
Cunningham, Thomas E.
Curran, William
Currie, Catherine E.
Currie, Mrs. Matthew
Curry, Kenneth H.
Curry, T.E.
Curtis, Ross R.
Curzon, Thomas D.
Cuthbert-Kelly, Verna E.

Cutler, Donald M.
Cuyler, Rev. Canon A.R.

Dale, Margaret
Dale, Paul
Dale, Pauline
Dale, R.G., D.S.O., D.F.C., C.D.
Dalgleish, Suzanne M.
Dalglish, Peter
Dalrymple, Elgin John
Dalton, Charles O.
Dalton, Mrs. E.
Dalton, Wm. H.
Daly, R.A.
Daniher, Michael S.
Danson, Hon. Barnett J.
Dart, Robert J.
David, Miss Rodica
Davidson, Dr. D.A.
Davidson, John A.
Davidson, Rev. Canon Ronald R.
Davidson, S.J.
Davies, Cecilia
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Davies, Robert M.
Davies, Ronald S.
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Davison, S.M.
Davy, Henry M. III
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Dawson, D.W.
Dawson, Dr. J.C.C.
Dean, Harold B.
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Deeks, John E.
Deeks, William G.
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Devine, Robin
Devisser, Helen
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Dickie, Ross S.
Digby, Dr. John W.
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Dingle, D. Terence
Dinkel, Paul
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Dixon, A.B.
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Doe, Roger G.
Doherty, J.H.
Donald, Graham E.B.
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Doran, Kevin M.
Doty, Robert V.
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Douglas, C.R.
Douglas, L.R.
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Downer, Charles S.
Downes, Capt. Peggy, C.D.
Downey, Patrick D.
Dowsley, Gordon
Doyle, William A.
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Dragone, A. George
Draimin, Peter K.
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Drolet, J.L.
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Duncan, T.A.W.

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Eaton, F.
Ecclestone, A.M.
Ecker, Janet
Eckert, B.H.
Eckler, Samuel
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Eigles, David
Eisen, D.M.
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Farrill, F.B.
Farrow, W.C.
Farrugia, John
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Ferguson, P.B.G.
Ferns, Barboura A.
Field, Thomas E.
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Forsdike, Frank E.

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Fortune, Lorraine
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Foster, Laurel
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Fowle, T.F.
Fowler, W.A.
Fox, George E.
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Fullerton, Col. J.A.
Fulton, Eve
Funasaka, Shinichi
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Hendy, Thos. C.
Henry, Judge C.J.
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Higginson-Rollins, James
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Hill, Harry D.L.
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Hird, Harold S.
Hitchins, Capt. Douglas H.
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Hoffinger, Bernice M.
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Hood, Andrew W.
Hooker, Lyndon G.
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Hooper, Wayne
Hope, Cedolph
Hore, John E.
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Houston, C.W.
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Houston, Thomas Arnot
Howard, B.C.
Howard, J. Robert
Howard, Peter M.

Howard, Shirley E.
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Howell, Mrs. E.
Howes, William G.
Howitt, Dr. John R.
Howland, Hon. Chief Justice W.G.C.
Howlett, Carole
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Howse, Very Rev. Ernest M., S.T.M., PH.D., D.D., LITT.D.
Howson, Jean L.
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Huffer, Julian H.
Hughes, Campbell B.
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Huising, G.B.
Hull, Brian
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Hunter, Lt. Col. P.W., C.D.
Hunter, R. Douglas S.
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Husch, M. Gen. R.G.
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Irwin, John W.
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Ison, John T.
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Ivey, C. Robert

Jackman, Rev. Edward J.R.
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Jackson, Bernice
Jackson, G.E.
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Jackson, Lt. Col. M.I., C.A.
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James, W.L.G.
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Jenkins, Rev. L.O.
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Juneja, Diljit S., F.I.A., F.C.I.A.
Junnarkar, Hemant
Jupp, E.A., Q.C.
Jupp, G. Alex

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Justice, C.A.
Justin, Jan
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Jutha, N.A.

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Kates, Paul A.
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Kellermann, Max William
Kelly, William M.
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Kelsey, Tasker S.
Kemp, John
Kenly, Judith D.
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Kennedy, A. Judd
Kennedy, Margaret
Kennedy, Sheila Helen
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Kenney, Ray L.
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Khan, Morgan
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King, T.A.
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Koffler, Murray B.
Kofman, Dr. Oscar S., F.A.C.P., F.R.C.P.(C)
Kogler, Rudolf K.
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Labatt, Robert H.C.
Lacasse, Francoise
Lacey, Martin

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Lake, J.F.
Lambert, Goulding
Lambert, Michael M.
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Landra, Harry, Q.C.
Lane, F. Edgar
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Lang, Margaret John
Langer, H.P.
Langford, G.K., Q.C.
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Lawson, Matthew B.M.
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Lebrun, Francois
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Legrow, Lloyd M.R.
Lehner, Friedrich
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Lindsay, Harland C.
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Macdonald, G.B.
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Macdonald, H. Ian
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Marchant, Mrs. Irene E.
Marchildon, Denise
Marchment, Alan R.
Marchment, W.R.
Maresch, W.H.P.
Marfleet, Brian H.
Marini, Guido
Markham, C. Ian
Markiewicz, W.
Marks, June
Marlatt, P.D.
Marmash, B.V.
Marrocco, Frank
Marrese, Joseph A.
Marsden, L.R.
Marshall, Allen
Marshall, James M.
Marshall, Lauren Elizabeth
Marshall, Dr. M.R.
Marshall, Susan
Marshall, T. David
Marshall, Thos. H.
Marston, Mrs. Anna Maria
Martin, Ms. April E.
Martin, Helmuth
Martin, J.C.
Martin, J.C.
Martin, Keith A.
Martin, R.K.
Martin, Robert
Martin, S.W.
Martinez, M.C.
Martinez, Michael J.
Martyniuk, Dr. F.J.
Maryanka, Yuda
Mascall, David W.
Mason, J.A.
Mason, J. Harry
Mason, William R.
Masters, Mary
Mather, David G.
Mathers, A.
Matheson, David Ian
Mathieson, Lt. Col. G. Irvine
Mavalwala, Dr. J.
Mawson, K.
Maxwell, Robert C.
Mayes, Susan
Mayhue, Daniel
Maynard, J.C.
Maynard, Murray R.
Mayzel, Harry
Mayzel, Louis
McAlpine, C.L.
McAlpine, Duncan A.
McAndless, Douglas
McAvoy, Rev. H.J.
McAuley, Vincent F.S.
McBride, David G.
McBride, David R.
McBrien, Fred G.
McCallum, B.C.
McCallum, Donald R.
McCallum, J.D.
McCann, Fred V.
McCarthy, J.C.
McCartney, Wm. S.
McClelland, J.G.
McCloskey, P.H.
McClung, Marcia
McClure, G. Chester
McClure, Miss Lena C.
McCollum, John
McConaghy, J. Dale
McConaghy, James A.
McCool, Lt. Col. Brian S.
McCord, W.W.
McCreary, Ivan E.
McCreath, Peter L.
McCuaig, Bruce W.
McCutcheon, F.Y.
McCutcheon, James W.
McDermott, R.C.
McDonald, Bruce C.
McDonald, D.F.
McDonald, G. Campbell
McDougall, Barbara J.
McDougall, Patrick
McDougall, Sheila M.
McDowell, Gretchen
McEachren, Col. F.F.
McElhone, J.R.
McElwain, John D.
McFadden, David James
McFadyen, John
McFadyen, John D.
McFarland, Miss Judith Anne

McGauley, Daniel J.
McGibbon, Hon. Pauline
McGill, Joan
McGill, Kenneth W.
McGillivray, K.F.
McGivern, Jane
McGoey, Gerald T.
McGrail, Dr. Simon
McGrath, Lt. Col. B.T.
McGregor, Ms. Mary E.
McGregor, Robert H.
McGuigan, Mrs. Marilyn
McGuigan, William
McGuinness, Michael B.
McIlroy, Donald William
McInnis, John
McIntosh, B. Gen. A.R., C.D.
McIntosh, Donald A.
McIntosh, John Spence
McIntosh, Lance
McIntyre, George
McIntyre, W. Kenneth
McIntyre, W. Malcolm
McKay, Winfield
McKee, John W.
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McKellar, Dr. J.C.
McKenna, Lt. Col. J.C., C.D.
McKennedy, John A.
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McKinney, F.T.
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McLellan, R.H.
McLenaghen, T.N.
McLeod, Mary Theresa
McMillan, Catherine D.
McMillan, David H.
McMillan, Donald
McMillan, Donna M.
McMinn, B.A.
McMorran, S.R.
McNarry, Brian
McNeil, Miss Eileen R.
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McNulty, Barry R.
McOuat, D.W.
McOuat, George E.
McPhail, Ian D.C.
McPhail, J.D.
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Meech, R.G., Q.C.
Meehan, Louis P.
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Megginson, Clifford
Mehler, Eckhart
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Miller, Mark
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Miller, T.D.
Miller, W.R.
Miller, Dr. W.R.A.

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Moreton, J.P.
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Murphy, J. Clifford
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Nicholson, K.E.
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Opler, Paul
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O'Reilly, Ian Rossa
Orenstein, Samuel
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Ozols, Edmunds

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Parkinson, Leslie C.
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Partington, Eric
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Patki, Dilip
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Paul, Robert H.
Pavri, Zareer N.
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Payne, Ralph B.
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Peppin, Murray C.
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Perkins, K. Gray
Perlis, Morris

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Perren, S. R.
Perry, F.C.
Perry, Lloyd W.
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Peterson, W. Donald
Petit, André
Petlock, Bert
Petlock, Martin, B.A., M.ED.
Peto, Capt. E.M.
Petrenko, J. Bruno
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Phillips, John T.
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Phillips, Ross Norman
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Pitts, John G.
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Plaskett, Rev. Charles R.
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Platt, Robert G.
Plenter, Janos
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Polymenakos, Dr. L.
Pooley, Joanne W.
Popowich, William J.
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Porritt, William R.
Potter, Muriel
Potter, N. F.
Potts, J.H., C.D., Q.C.
Poulson, Andrew
Powell, Daniel J.
Powicke, Michael Rhys
Pownall, John
Poy, William
Poyntz, A.R.
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Preiss, Marlene F.
Prendergast, James B.
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Presley, Daniel E.
Presti, Paul
Pretty, David W.
Price, Jack A.
Price, Ralph J.
Prince, H.R.
Pringle, Donald M.
Proctor, J. S.
Protter, Bernard
Proudfoot, Sylvia L.
Pryer, D. A.
Przybylski, Richard J.
Puffer, Dr. A. Douglas
Puffer, N.R.
Pullen, William I. L.
Purcell, G. L. (Jed)
Purdon, E. Wayne
Purdy, Dr. V. W.
Purvis, G. I.
Pyper, D. G.

Quinn, Alanna M.

Raanani, Berci Dov
Rafferty, Joseph
Rainer, Manfred
Ramshaw, Mrs. Laura M.
Randall, Jennifer
Rankin, Donald G.
Rastogi, A. K.
Rastoul, Jacques
Rauenbusch, William R.
Raycheba, Marion E.
Raymont, David
Read, R.A.
Readman, Carole A.
Reason, J. F.
Rebane, Marjorie G.
Rebanks, Leslie
Rector, L. G.
Redly, Julius
Redwood, J. A.
Reed, Mrs. Katharine C.
Reesor, Allan J.

Regan, M. Joseph
Reid, Maj. Clarence
Reid, Douglas A.
Reid, Morgan
Reid, Murray G.
Reid, Peter
Reid, Winifred R.
Reid, Wm. G.
Reid-Weston, Margaret
Reilly, Leonard M.
Rennie, C. Stanley
Rennie, Ross M.
Rhind, J.A.
Ribbins, Patrick V.
Rice, Martyn
Rich, M.E.
Richards, Patricia Anne
Richardson, A. Harold
Richardson, Joseph Ward
Richardson, Thomas Arthur
Richter, W.H., F.S.C.A.
Riddell, W.R.
Riediger, P.
Riedl, W.R.
Riegert, John F.
Riehl, Gordon W.
Riggs, Mrs. Maureen
Ripley, T.S.
Ritchie, Cedric E.
Ritchie, Larry
Ritchie, General Sir Neil
Robarts, Hon. J.P., P.C., C.C., Q.C.
Robbie, R.G.
Robbins, William M.
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Roberts, Frank K.
Roberts, Rev. Harold F.
Roberts, John H.
Robertson, Lt. Col. B.E.
Robertson, R.A.
Robertson, R.N.
Robinette, Hugh W.
Robins, Mr. Justice Sydney L.
Robinson, Andrew M.
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Robinson, Gordon C.
Robinson, Mrs. Irene
Robinson, J.E.
Robinson, Mrs. Marilyn C.
Robinson, W.A.
Robinson, W. Kenneth

Robson, Paul H.
Robus, Walter R.
Rockcliffe, T.P.W.
Rodd, John H.
Rodgerson, Dr. J.S.
Rodrigues, Nancy
Rogers, Miss Diane P.
Rogers, Edward S.
Rogers, George H.
Rogers, H.
Rogers, Harold A., O.C., O.B.E.
Rogers, Thomas A.
Rogers, William M.
Rohmer, Richard, Q.C.
Rollason, W.E.
Rollo, H.J.
Rome, Mrs. Gladys
Romeike, H.G.
Roncevic, Dr. D.
Rooney, Mrs. Ruth
Rosborough, Mrs. S.M.
Rosemont, Mrs. Monica
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Ross, James D.L.
Ross, N. William
Ross, Virginia
Ross, William Melville
Roth, Samuel M.
Rousselin, Yves
Rowan, Hugh, Q.C.
Rowcliffe, Katharine
Rowland, K.A.
Royes, Lewis T.
Rubie, K.M.
Rubin, David A., Q.C.
Rudrevics, Alexander
Rukkel, M.
Russell, J. Keith
Russell, John Winter
Russell, Major T.B., C.D., B.A.
Rutledge, Timothy J.S.
Ryley, A.C.
Ryman, Florence
Ryrie, Ross

Sabia, Laura
Sabia, Maureen Joan
Sabine, J.W.
Sagel, J. Frederick
St. Germain, Marie
St. Louis, R.D.

Salisbury, Mrs. Helen
Salloum, Peter A.
Salmon, C.R.B.
Salter, Dr. Robert B.
Samples, R.M., C.M.G., D.S.O., O.B.E.
Sampson, John F.D.
Sanderson, D.M.
Sanderson, Horrell
Sandori, Paul
Sargeant, Barbara
Saunders, David
Saunders, Mrs. E.M.
Saunderson, Wm. J.
Savage, Lt. Col. Bruce, C.D.
Savage, Dr. Howard
Savage, Thomas H.
Saville, Frederick Alan
Sawka, Roman B.
Scanlan, Lt. Col. P.D., D.F.C., C.D.
Scanlon, Alayne
Schacter, Leo E., Q.C.
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Scherrer, G.K.
Schipper, Norman H.
Schleich, Manfred
Schmida, Walter G.
Schmidt, Warran
Schnarr, Michael J.
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Scott, F.N.
Scott, Graham W.S.
Scott, Hazel B.
Scott, J.K.
Scott, Michael G.
Scott, Thomas Oliver
Scrivener, Margaret
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Seath, Mrs. Margaret
Seck, Abdou
Sedgwick, G. Gordon
Sedgwick, Joseph, Q.C.
Sedleigh, Kenneth
Segal, Hugh
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Sellar, G.M.
Sellers, Dr. A.H.
Seltzer, John
Sewell, Wm. S.
Sexton, Thomas J.
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Seydegart, Stanislaw
Seyffert, Bessie A.
Seyfried, J.A.
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Shadbolt, W.M.
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Shapiro, I. Joel
Sharp, Hon. Mitchell
Shastell, Edward M.
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Shaw, Ian A.
Shaw, John B.
Shaw, Kathleen
Sheeres, T.G.
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Sheppard, Norman T.
Sheppard, Norris E.
Sher, George
Sheridan, William J.
Sherwood, Dennis G.
Shewchuk, Dennis
Shiner, I.
Shipp, Harold G.
Shirer, J.W.
Short, Norman John
Shortreed, Robert G.
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Shymko, Yuri
Sideratos, Judge M.
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Sievert, Ms. Helen G.
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Sigsworth, Oscar T.
Sills, Major C.D., E.D.
Silver, Joseph
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Simmons, William H.
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Sims, H.L.
Sims, W.G.B.
Simsovik, Marty
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Sinclair, J.C.
Sinclair, Miss Lynn

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Sinclair, Sonja
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Sirant, Bohdan G.
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Skewis, William
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Smith, Dwight Edward
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Smith, Kenneth B.
Smith, Kenneth G.W.
Smith, Morton M.
Smith, Ray T.
Smith, Shirley K.
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Smith, Stuart H.B.
Smith, Dr. T. O.
Smith, Dr. W.D.
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Snell, Herbert A.
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Snider, Allan F.
Snider, Ann Elizabeth
Snider, D.R.
Sniderman, Eleanor K.
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Soady-Easton, Lt. Col. E.V., C.D.
Socha, Michel
Solandt, Dr. O.M., C.C.
Somerville, Walter
Somerville, William H.
Sone, Shael S., C.A.
Sorbara, Joseph D.
Sovka, Dr. J.A.
Soward, R.H., Q.C.
Sparks, E. G.
Sparks, Ivan
Spear, R.H.J.
Speed, Frank W.
Speich, Francois
Speirs, N.R.
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Spencer, Philip
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Stafford, G. O.
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Steeves, Neil S.
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Steinke, Friedrich
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Stephenson, Robt. W. F.
Stern, Michael I.
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Stillich, Stefan W.
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Stinson, F.C.

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Tuck, Mrs. Gladys
Tugham, Samuel
Turkevics, Leonard I.
Turnbull, W. G.
Turner, Edward G.

Turner, J.R.A.
Turner, W.I.
Tuz, Lt. Col. Paul J.
Twaits, W.O.
Tweed, Mrs. Jean
Tye, Harry T.
Tyers, Terrence
Tynkaluk, William G.
Tyson, Bev.

Ulan, S.J.
Upson, W.T.

Valiant, John T.
Valliani, Munsoor
Vallee, Robert J.
van Banning, A.H.M. Claus
Van Damme, Paul J.
Vandenberg, Henk
Vanderheyden, John
van der Hoop, Mrs. J.
Vanek, Mrs. M.
Van Every, Alan
Van Lone, Mrs. Helen
Van Nostrand, I.N.
Vanstone, F.S.
Van Valkenburg, Burke
Varey, Russel
Varga, André, O.B.E.
Varma, Dr. Devendra P.
Venn, Al
Vernon, G.P.H.
Vigoa, Severo C.
Vincent, Richard C.
Vincent, Mrs. R.L.
Vining, Lon L.E.
Vivash, Mrs. Barbara
Von Gemmingen, Dieter
von Herrmann, Silvester
Vorbrodt, Michael
Voyer, Gilles A.

Waddell, Wm.
Wadland, J.B.
Wadsworth, J. Page R.
Wadsworth, Kenneth R.
Wakefield, D.E.
Walker, A.R.
Walker, C.G.
Walker, Senator The Hon. D.J., P.C., Q.C.
Walker, David J.
Walker, E. Maxwell
Walker, J.B.
Walker, W. Ross
Wall, Miss Elizabeth A.
Wall, T.P.
Wallinger, John A.
Walsh, David F.
Walsh, Sandra A.
Walton-Ball, Dr. H.G.
Wansbrough, J.C.C.
Warburton, E.H.
Ward, Christopher
Ward, D.H.
Ward, G.H.
Wardle, T.A.
Warren, Cynthia B.
Warren, Mrs. E. Ruth
Warren, E.W.
Warren, Roger W.
Warren, Suzanne
Warrington, T.D.
Warwick, S.F.
Wasylenko, Dr. John
Waters, P.D.
Watson, Alan Graeme
Watson, Mrs. Ann
Watson, George F.
Watson, Kenneth M.
Watson, Dr. Peter
Watt, F. Bartlett
Watt, Rev. J. Robert
Watt, Robert C.
Waugh, Donald A.
Weaver, John L.
Webb, Anthony A.
Webb, Richard S.
Webb, Thomas R.
Webber, Ellis L.
Weber, George
Webster, L.C.
Weed, Paul
Wees, Dr. W.R.
Wegg, George S.
Weinstein, W.
Weir, Charles W.
Weir, J. Clifton
Weir, Lt. Col. J.R., C.D.
Weiss, Don
Welldon, Wilfred
Weller, Robert K.
Wells, Bryan H.
Wells, Hon. D.C.

Wells, Miss Loren A.
Wells, Lorne, C.A.
Wells, Hon. T., M.P.P.
Wenzel, J.S.
West, Donald L.
Westaway, James G.
Westcott, Clare
Wheat, Major F.T.
Whelpton, Michael G.
Whitaker, Art
Whitaker, W. Denis
White, Fred
White, Geoffrey B.
White, Nora
White, Paul C.
White, Robert G.
White, Sandra
White, Timothy E.
White, William F.
Whiteacre, J.A. William
Whitelaw, R. Paul
Whiteside, Kenneth G.
Whiteway, Linda G.
Whitten, Mrs. Anne
Whitten, John A.
Whittington, Richard L.
Wickens, Ewart A.
Wiggan, M.J.
Wightman, Joseph A.O.
Wigle, J.J.
Wigle, Seymour L.
Wilch, Mrs. Joan B.
Wild, Elfrida
Wilder, W.P.
Wildman, A.C.L.
Wilkes, David H.
Wilkins, D.J.
Wilkinson, George
Wilkinson, William Hugh
Willcocks, E.R.
Willer, Nancy Waite
Williams, John M.V.
Williams, Ridley
Williams, Robert H.
Willis, B.G.
Willis, E.I.
Willson, Bruce F.
Wilson, Brian John
Wilson, David
Wilson, David E.
Wilson, Mrs. E. Doreen
Wilson, Frank L.
Wilson, Geo. A.
Wilson, Glen A.
Wilson, H. Graham
Wilson, Hilda
Wilson, James
Wilson, John
Wilson, L.R.
Wilson, Mrs. Margaret J.
Wilson, Marie
Wilson, R.F.
Wilson, Robert D.
Wilson, Walter James R.
Wilton, Norman F.
Wilton-Siegel, H.J.
Winter, John O.
Winters, Douglas W.
Wish, Ms. Judy M.
Wishart, A.A., Q.C.
Wodkiewicz, W.A.
Wong, Miss E. Jean
Wong, Dr. Kie C.
Wood, G.H.
Wood, James
Wood, Peter L.
Wood, Mrs. Vera
Woodall, Douglas E.
Woodbury, D.J.
Woodcock, Frank W.
Woodman, Debbie
Woodroofe, G.T.N.
Woods, George W.
Woolgar, Peter W.
Woollcombe, M. Julia
Woolley, Robert J.
Woolnough, Peter F.
Wright, A.D.B.
Wright, Dr. D.T.
Wright, G.A.
Wright, G.W.
Wright, John D.
Wright, J.H.
Wright, R.G.
Wright, Stuart R.
Wright, Wilfred J.
Wyatt, H.L.
Wylie, Dorothy M.
Wyprysky, Victor P.

Yaffe, Miss Florence
Yaremko, John, Q.C.
Yeats, William B.
Yocom, Paul A.

Yolleck, Ben A.
Youll, Rev. Cyril T.
Younes, Ernest
Young, Charles B.
Young, Frank A.
Young, Rev. Geo.
Young, J. D.
Yull, Philip

Zahumeny, S.
Zanonchello, Michel
Zeidler, Eberhard H.
Zeitler, Dr. Klaus M.
Zeldin, John L.
Zlamal, Miloslav
Zonneveld, Cornelius
Zuker, Judge Marvin A.
Zummach, Miss Evelyn
Zuppinger, Walter U.
Zurawski, Richard James
Zwicker, Jack

AUDITORS' REPORT

To the Members of
The Empire Club of Canada

We have examined the balance sheet of The Empire Club of Canada as at April 30, 1981 and the statements of revenue and expenditure and surplus and life membership reserve for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Club as at April 30, 1981 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

COOPERS & LYBRAND
CHARTERED ACCOUNTANTS

Toronto, June 15, 1981

THE EMPIRE CLUB OF CANADA

BALANCE SHEET AS AT APRIL 30, 1981

	1981	1980
ASSETS		
Current Assets		
Cash and deposit receipts	$44,717	$60,199
Accounts receivable	3,693	1,204
Inventory of scarves	3,362	1,125
Prepaid expenses	339	—
	52,111	62,528
Government of Canada Bonds - at cost (market value 1981 — $4,800; 1980 — $4,965)	5,757	5,757
Office Furniture and Equipment	1	1
	$57,869	$68,286
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	6,022	6,192
Due to The Empire Club Foundation	29,861	24,388
Membership fees and luncheon tickets paid in advance	6,500	3,700
	$42,383	$34,280
MEMBERS' EQUITY		
Life Membership Reserve (note 3)	14,000	10,000
Surplus	1,486	24,006
	15,486	34,006
	$57,869	$68,286

Signed on behalf of the Board

Reginald Stackhouse }
Ronald Goodall } Directors

THE EMPIRE CLUB OF CANADA

STATEMENT OF SURPLUS AND LIFE MEMBERSHIP RESERVE FOR THE YEAR ENDED APRIL 30, 1981

	1981	1980
Surplus — Beginning of Year	$24,006	$ 4,966
Deduct:		
transfer to life membership reserve	(4,000)	—
Excess of revenue over expenditure (expenditure over revenue) for the year	(18,520)	19,040
Surplus — End of Year	1,486	24,006
Life Membership Reserve — Beginning of Year	10,000	10,000
Add: transfer from surplus (note 3)	4,000	—
Life Membership Reserve — End of Year	14,000	10,000
Total Members' Equity — End of Year	$15,486	$34,006

THE EMPIRE CLUB OF CANADA

STATEMENT OF REVENUE AND EXPENDITURE
FOR THE YEAR ENDED APRIL 30, 1981

	1981	1980
Revenue		
Membership fees	$66,717	$69,730
Luncheons — net	8,362	18,535
Interest	5,977	4,316
Other — net	(1,076)	151
	79,980	92,732
Expenditure		
Members' notices	31,141	26,700
Office salaries and employee benefits	18,851	17,103
Yearbook donation and sundry expenses	12,413	11,218
Publicity and promotion	1,488	948
Printing, stationery and postage	6,876	9,268
Rent	2,633	2,233
Meeting	1,693	2,525
Office and general	3,007	2,851
Telephone	998	846
	79,100	73,692
Excess of revenue over expenditure before Special Donation	880	19,040
Special Donation to the Empire Club Foundation (note 5)	19,400	—
Excess of revenue over expenditure (expenditure over revenue) for the year	($18,520)	$19,040

THE EMPIRE CLUB OF CANADA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED APRIL 30, 1981

1. THE CLUB

The Club was incorporated under letters patent in the Province of Ontario on March 26, 1912. The principal function of the Club is to provide a forum for prominent people to address members of the Club and their guests on topics of current interest.

2. ACCOUNTING POLICIES

Inventory of scarves is valued at the lower of cost and net realizable value.

Office furniture and equipment is recorded at nominal value and additions are charged to expense in the year acquired.

A donation to The Empire Club Foundation for the estimated cost of supplying the Club's membership with the yearbook of the current year is accrued each year.

3. LIFE MEMBERSHIP RESERVE

The reserve was created in order to provide a continuing income to sustain the membership costs of life members. The reserve has been increased by $4,000 in the current year to allow for increases in the life membership roll.

4. COMMITMENT

The Club occupies office space under a lease agreement expiring September 30, 1982 at an annual rental of approximately $4,800.

5. SPECIAL DONATION TO THE EMPIRE CLUB FOUNDATION

The Club made a special donation to The Empire Club Foundation during the year to meet the accumulated deficit of the Foundation.

THE EMPIRE CLUB FOUNDATION

PRESIDENT'S REPORT

The 1980 financial campaign was successful and used for the first time four categories of supporters for the Foundation. Those who gave $1,000.00 are Patrons; those who gave $500.00 are Endowment Benefactors; those who gave $250.00 are Benefactors and all other supporters are classified as Donors.

For 1981 we are enclosing with the yearbook mailed to our members a suggested form of bequest to the Foundation as we believe that many will want to support it in their wills. I am indebted to H.N.R. Jackman and Colonel Bob Hilborn who have been so helpful as Vice-Presidents. Our Past President, John Griffin, was most diligent in dealing with publishers. Both our Honorary Treasurer, Brigadier General R.W. Lewis, and our Honorary Secretary, R.B. Stapells, Q.C., have been expert and generous in attending to our legal and accounting activities.

Above all I should like to thank the President of The Empire Club of Canada, Principal Reginald Stackhouse, for his co-operation with the Foundation and for sustaining the purposes and traditions of The Empire Club of Canada with such a successful year.

B.J. Legge
President

THE EMPIRE CLUB FOUNDATION

President	B. J. Legge, Q.C.
Vice-Presidents	H. N. R. Jackman
	R. H. Hilborn
Past President	J. W. Griffin
Honorary Secretary	R. B. Stapells, Q.C.
Honorary Treasurer	R. W. Lewis

Directors

Robert L. Armstrong
Warren Armstrong
Sir Arthur Chetwynd, Bt.
Fraser Deacon
C. Warren Goldring
Peter Hermant
John D. Herrick
P. W. Hunter
Arthur E. M. Inwood
William M. Karn
Arthur J. Langley
Hartland M. MacDougall
John A. MacNaughton
Frank F. McEachren
Donald G. Neelands
Henry J. Stalder
John M. Thompson

PATRONS

(May 1, 1980 to April 30, 1981)

Setrak Adourian
Denison Mines Ltd.
H. N. R. Jackman
W. R. Legge in Memoriam
(from M. L. Legge)
Pauline McGibbon Testimonial Dinner
Pitfield Mackay Ross Foundation
Standard Brands Ltd.
George Weston Ltd.

ENDOWMENT BENEFACTORS

Corporation Falconbridge Copper
Eaton Foundation
First Canadian Bank
Imperial Oil Limited
Imperial Optical Co. Ltd.
Royal York Hotel

BENEFACTORS

Alberta Gas Trunk Lines
A. E. Ames & Company Ltd.
Arthur Andersen & Company
The Anglo Estates Limited

B.P. Canada
Bank of Nova Scotia
Thomas J. Bata
Bralorne Resources Limited
Burns Foods Limited

C. S. L. Group
Cadillac Fairview Corporation Limited
Campeau Corporation
Canadian Corporate Management
Canadian General Electric Company Limited
Canadian Imperial Bank of Commerce
The Coniagas Mines Limited
Continental Group of Canada Ltd.

Dale & Company Ltd.
R. A. Daly & Company Ltd.
Daymond Limited
Dominion Stores
Domtar Inc.

General Motors of Canada Ltd.
G. Warren Goulding
Grafton Group
Guaranty Trust Company of Canada

Raymond G. Harris

Inco Limited
Irwin Toy Limited

Johnson & Higgins Willis Faber Limited

Kodak Canada Ltd.

John Labatt Limited
B. J. Legge, Q.C.

Minas Basin Pulp & Power Co. Ltd.

New Zealand Lamb Co. Ltd.

Richardson Securities of Canada
Rothmans of Pall Mall Canada Ltd.
Royal Bank of Canada
Royal Insurance Canada

Joseph E. Seagram & Sons Ltd.
Shell Canada Ltd.
Simpsons Sears Ltd.
Southam Inc.
D. A. Stuart Oil Limited
Sumcot Development Corporation

Talcorp Associates Limited
James C. Thackray
Toronto Star
TransCanada Pipe Lines Ltd.

UBS Representative Office (Canada) Ltd.

Versatile Cornat Corporation

DONORS

J. Christopher Barron
CFRB
Canada Malting Co. Ltd.
Canadian Reinsurance Co.
Chetwynd Films Ltd.
Fraser Deacon
Marvin Gelber
Charles C. Hoffman
R.W. Lewis
Dr. Mark R. Marshall
James McCutcheon
Misener Holdings
National Drug & Chemical Co. of Canada
National Life Assurance Co. of Canada
UNICORP Financial Bank
Harry Wertheim Ltd.

AUDITORS' REPORT

To the Members of
The Empire Club Foundation

We have examined the balance sheet of The Empire Club Foundation as at April 30, 1981 and the statements of income and expenses and members' equity (deficiency) for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of The Empire Club Foundation as at April 30, 1981 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied, after giving retroactive effect to the change in the method of accounting for year book costs and donations from the Empire Club of Canada as explained in Note 3 to the financial statements, on a basis consistent with that of the preceding year.

SMITH, NIXON & CO
CHARTERED ACCOUNTANTS

TORONTO, September 17, 1981

THE EMPIRE CLUB FOUNDATION
(And 75th Anniversary Fund)

BALANCE SHEET AS AT APRIL 30, 1981

	1981	1980 (Restated)
ASSETS		
Current Assets		
Cash	$ 9,489	$ 3,376
Due from Empire Club of Canada	29,861	24,388
Inventory of books — at cost	—	5,533
	$ 39,350	$ 33,297
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	$ 31,062	$ 50,222
MEMBERS' EQUITY (DEFICIENCY)		
Equity (Deficiency)	8,288	(16,925)
	$ 39,350	$ 33,297

Signed on behalf of the Board

B. J. Legge
R. W. Lewis } Directors

The accompanying notes are an integral part of these financial statements.

THE EMPIRE CLUB FOUNDATION
(and 75th Anniversary Fund)

STATEMENT OF INCOME AND EXPENSE FOR THE YEAR ENDED APRIL 30, 1981

	1981	1980 (Restated)
Income		
Donations:		
The Empire Club of Canada	$ 31,400	$ 11,000
Supporters	31,064	16,959
75th Anniversary	—	4,465
Interest	43	36
Book sales	1,068	7,093
	63,575	39,553
Expenses		
Yearbook	31,332	28,535
75th Anniversary book	5,533	18,127
Stationery, postage and other expenses	1,497	556
	38,362	47,218
Excess of income over expenses (expenses over income) for the year	$ 25,213	$ (7,665)

STATEMENT OF MEMBERS' EQUITY (DEFICIENCY) FOR THE YEAR ENDED APRIL 30, 1981

	1981	1980
Members' (Deficiency) — as previously reported	$(11,790)	$ (1,487)
Adjustments respecting changes in accounting policies (Note 3)	(5,135)	(7,773)
As restated	(16,925)	(9,260)
Excess of income over expenses (expenses over income) for the year	25,213	(7,665)
Members' Equity (Deficiency) — end of year	$ 8,288	$(16,925)

The accompanying notes are an integral part of these financial statements.

THE EMPIRE CLUB FOUNDATION
(and 75th Anniversary Fund)

NOTE TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 1981

1. THE FOUNDATION

The Foundation was incorporated on January 22, 1969 under the laws of Canada as a non-profit organization. The principal function of the Foundation is the publication and distribution of yearbooks, containing the texts of addresses to The Empire Club of Canada to the Club's members and libraries across Canada. The Foundation's activities are funded by donations.

2. ACCOUNTING POLICIES

The Foundation includes donations in income when received except for donations from The Empire Club of Canada which are included in income when pledged. The estimated cost of publishing and distributing yearbooks of the current year is accrued each year.

3. CHANGES IN ACCOUNTING POLICIES

During the year, the Foundation adopted the accounting policies stated above. Previously, donations from The Empire Club of Canada were recorded as received and no provision was made for the estimated yearbook costs. The effect of these changes, which have been recorded on a retroactive basis, have been as follows:

	1981	1980	Prior Years
Donations from The Empire Club of Canada	$4,400	$11,000	$12,600
Year book expense	2,000	8,362	20,373
Increase (decrease) to excess of income over expense	$2,400	$ 2,638	$ (7,773)

Amounts due from The Empire Club of Canada accounts payable and accrued liabilities and Members' equity have been restated accordingly.

4. COMPARATIVE FIGURES

The Foundation has combined the 1980 and 1981 accounts of the Foundation and its 75th Anniversary Fund in these financial statements for comparative purposes.

B. J. LEGGE, Q.C., President
H. N. R. JACKMAN, Vice-President
ROBERT H. HILBORN, Vice-President

THE RT. HON. ROLAND MICHENER, P.C., C.C., Q.C.
Honorary President

JOHN W. GRIFFIN, Past President
R. B. STAPELLS, Q.C., Hon. Secretary
R. W. LEWIS, Hon. Treasurer

THE EMPIRE CLUB FOUNDATION
SUITE 903, 60 ST. CLAIR AVE. EAST, TORONTO, CANADA M4T 1N5

REMEMBER THE EMPIRE CLUB FOUNDATION IN YOUR WILL

This Yearbook of The Empire Club of Canada is published by The Empire Club Foundation which is recognized by the Department of National Revenue as a charitable foundation for tax purposes. Over four thousand copies of the Yearbook are distributed free of charge to the libraries of Canada schools and colleges.

Would you please remember the Foundation in your Will to enable it to carry on the uniquely Canadian, patriotic and historic work of the Foundation. If you wish to help the Foundation, the following form of bequest is recommended.

> "I give and bequeath to The Empire Club Foundation, a Canadian charitable organization, registered under Section (27) of The Canadian Income Tax Act, with offices at 60 St. Clair Avenue East, Suite 903, Toronto, Canada M4T 1N5, the sum of $_________ to be used for its general charitable purposes".

For enquiries, please call The Empire Club of Canada at telephone number (416) 364-2878.

Bruce Legge

B. J. LEGGE
President

Registration Number 0353532-21-13